合景泰富地產

KWG PROPERTY HOLDING LIMITED
合景泰富地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- Revenue for the year ended 31 December 2014 amounted to RMB10,465.8 million, an increase of 10.5% as compared with the financial year of 2013.
- Profit attributable to owners of the Company amounted to RMB3,272.2 million, an increase of 19.0% as compared with the financial year of 2013.
- Gross profit margin and net profit margin were 35.5% and 31.2%, respectively.
- Earnings per share increased by 17.9% to RMB112 cents as compared with the financial year of 2013.
- Proposed to declare final dividend of RMB33 cents per ordinary share.

The board of directors (the "Board") of KWG Property Holding Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	6	**10,465,788**	9,468,002
Cost of sales		**(6,748,208)**	(6,035,968)
Gross profit		**3,717,580**	3,432,034
Other income and gains, net	6	**98,346**	75,295
Selling and marketing expenses		**(298,451)**	(261,138)
Administrative expenses		**(794,247)**	(753,026)
Other operating expenses, net		**(312,972)**	(898)
Fair value gains on investment properties, net		**699,143**	541,468
Finance costs	7	**(6,083)**	(214,291)
Share of profits and losses of:			
Associates		**(5,686)**	(3,121)
Joint ventures		**1,547,942**	887,480
PROFIT BEFORE TAX	8	**4,645,572**	3,703,803
Income tax expenses	9	**(1,377,431)**	(954,550)
PROFIT FOR THE YEAR		**3,268,141**	2,749,253
Attributable to:			
Owners of the Company		**3,272,225**	2,749,769
Non-controlling interests		**(4,084)**	(516)
		3,268,141	2,749,253
Earnings per share attributable to owners of the Company – Basic and diluted	11	**RMB112 cents**	RMB95 cents

Details of the dividends proposed for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**3,268,141**	2,749,253
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(21,293)**	163,442
Share of exchange differences on translation of associates	**(2,135)**	23,308
Share of exchange differences on translation of joint ventures	**(7,164)**	32,038
NET OTHER COMPREHENSIVE (LOSS)/INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX	**(30,592)**	218,788
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,237,549**	2,968,041
Attributable to:		
Owners of the Company	**3,241,633**	2,968,557
Non-controlling interests	**(4,084)**	(516)
	3,237,549	2,968,041

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**3,584,388**	3,176,236
Investment properties		**7,046,100**	6,134,630
Land use rights		**939,522**	858,546
Interests in associates		**767,400**	744,506
Interests in joint ventures		**16,622,226**	13,229,965
Deferred tax assets		**1,075,366**	995,798
Total non-current assets		**30,035,002**	25,139,681
CURRENT ASSETS			
Properties under development		**22,898,303**	18,923,966
Completed properties held for sale		**5,487,119**	4,036,430
Trade receivables	13	**217,317**	166,695
Prepayments, deposits and other receivables		**1,869,921**	2,309,263
Due from a joint venture		**54**	23
Taxes recoverable		**168,164**	155,600
Restricted cash		**776,897**	1,444,243
Cash and cash equivalents		**10,094,238**	9,414,483
Total current assets		**41,512,013**	36,450,703
CURRENT LIABILITIES			
Trade and bills payables	14	**2,693,611**	3,333,315
Other payables and accruals		**7,254,556**	8,452,278
Due to joint ventures		**10,700,785**	6,401,540
Interest-bearing bank and other borrowings		**3,465,336**	3,065,010
Taxes payable		**3,933,326**	3,735,200
Total current liabilities		**28,047,614**	24,987,343
NET CURRENT ASSETS		**13,464,399**	11,463,360
TOTAL ASSETS LESS CURRENT LIABILITIES		**43,499,401**	36,603,041
NON-CURRENT LIABILITIES			
Due to a joint venture		**1,000,000**	–
Interest-bearing bank and other borrowings		**21,047,717**	17,840,356
Deferred tax liabilities		**1,013,226**	909,523
Deferred revenue		**2,042**	11,000
Total non-current liabilities		**23,062,985**	18,760,879
NET ASSETS		**20,436,416**	17,842,162

	Notes	**2014**	2013
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**284,706**	280,485
Reserves		**19,158,882**	16,698,009
Proposed final dividends	10	**972,258**	839,014
		20,415,846	17,817,508
Non-controlling interests		**20,570**	24,654
TOTAL EQUITY		**20,436,416**	17,842,162

Notes:

1. CORPORATE INFORMATION

KWG Property Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities in the People's Republic of China (the "PRC"):

- property development
- property investment
- hotel operation
- provision of property management services

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements 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 Renminbi ("RMB") 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 Group for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the dates on which the Group obtains control, and continue to be consolidated until the dates that such control ceases.

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

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

3. 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 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

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

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

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

(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.

4. 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]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Annual Improvements 2010–2012 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2011–2013 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2012–2014 Cycle	*Amendments to a number of HKFRSs*[2]

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

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

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all 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.

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 3, 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.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments as follows:

(a)	Property development:	Sale of properties
(b)	Property investment:	Leasing of properties
(c)	Hotel operation:	Operation of hotels
(d)	Property management:	Provision of property management services

The property development projects undertaken by the Group during the year are all located in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC. As the Group's major operations and customers are located in the PRC, no further geographical segment information is provided.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2014

	Property development *RMB'000*	**Property investment** *RMB'000*	**Hotel operation** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
Segment revenue:					
Sales to external customers	**9,770,424**	**146,971**	**332,221**	**216,172**	**10,465,788**
Segment results	**4,251,764**	**845,034**	**75,315**	**44,505**	**5,216,618**
Reconciliation:					
Interest income and unallocated income					**98,346**
Unallocated expenses					**(663,309)**
Finance costs					**(6,083)**
Profit before tax					**4,645,572**
Income tax expenses					**(1,377,431)**
Profit for the year					**3,268,141**
Other segment information:					
Depreciation and amortisation	**75,669**	**2,390**	**74,730**	**994**	**153,783**
Fair value gains on investment properties, net	**–**	**699,143**	**–**	**–**	**699,143**
Share of profits and losses of:					
Associates	**(5,686)**	**–**	**–**	**–**	**(5,686)**
Joint ventures	**1,547,942**	**–**	**–**	**–**	**1,547,942**

Year ended 31 December 2013

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	8,976,887	144,735	203,120	143,260	9,468,002
Segment results	3,674,955	685,274	78,904	(1,788)	4,437,345
Reconciliation:					
Interest income and unallocated income					75,295
Unallocated expenses					(594,546)
Finance costs					(214,291)
Profit before tax					3,703,803
Income tax expenses					(954,550)
Profit for the year					2,749,253
Other segment information:					
Depreciation and amortisation	56,055	2,390	12,175	753	71,373
Fair value gains on investment properties, net	–	541,468	–	–	541,468
Share of profits and losses of:					
Associates	(3,121)	–	–	–	(3,121)
Joint ventures	887,480	–	–	–	887,480

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the year.

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

	2014	2013
	RMB'000	*RMB'000*
Revenue:		
Sale of properties	**9,770,424**	8,976,887
Gross rental income	**146,971**	144,735
Hotel operation income	**332,221**	203,120
Property management fees	**216,172**	143,260
	10,465,788	9,468,002
Other income and gains, net:		
Bank interest income	**48,211**	42,848
Foreign exchange differences, net	**1,119**	3,702
Others	**49,016**	28,745
	98,346	75,295

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**2,296,964**	1,893,751
Less: Interest capitalised	**(2,290,881)**	(1,679,460)
	6,083	214,291

8. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of properties sold	**6,468,583**	5,943,332
Less: Government grant released	**(25)**	(1,076)
	6,468,558	5,942,256
Depreciation	**150,459**	69,020
Amortisation of land use rights	**19,964**	18,675
Less: Amount capitalised in assets under construction	**(16,640)**	(16,322)
	3,324	2,353
Premium paid on early redemption of senior notes*	**231,940**	–
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**486,732**	419,298
Pension scheme contributions	**46,517**	30,713
Equity-settled share option expense	**343**	1,126
	533,592	451,137
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development	**(132,402)**	(127,654)
	401,190	323,483
Loss on disposal of investment properties, net*	**229**	139
Loss on disposal of items of property, plant and equipment*	**906**	11

* These items are included in "Other operating expenses, net" in the consolidated statements of profit or loss.

9. INCOME TAX EXPENSES

	2014	2013
	RMB'000	*RMB'000*
Current – PRC		
Corporate income tax ("CIT")	**667,748**	520,084
Land appreciation tax ("LAT")	**685,563**	369,244
	1,353,311	889,328
Deferred	**24,120**	65,222
Total tax charge for the year	**1,377,431**	954,550

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2014 and 2013.

PRC Corporate Income Tax

PRC CIT in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2014 and 2013, based on existing legislation, interpretations and practices in respect thereof.

PRC Land Appreciation Tax

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

10. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Proposed final scrip dividend (with a cash option) – RMB33 cents (2013: scrip dividend (with a cash option) of RMB29 cents) per ordinary share	**972,258**	839,014

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("2014 AGM").

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 2,915,838,344 (2013: 2,893,150,000) in issue during the year.

For the year ended 31 December 2014, the calculation of the diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation of 2,915,838,344 (2013: 2,893,150,000) plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 515,591 (2013: 611,805).

The calculations of basic and diluted earnings per share are based on:

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the Company	**3,272,225**	2,749,769

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**2,915,838,344**	2,893,150,000
Effect of dilution – share options	**515,591**	611,805
Weighted average number of ordinary shares used in diluted earnings per share calculation	**2,916,353,935**	2,893,761,805

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2014, the Group had additions of property, plant and equipment at a total cost of approximately RMB567,199,000 (2013: approximately RMB606,271,000).

13. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and provision of property management services. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**187,267**	152,260
4 to 6 months	**8,547**	854
7 to 12 months	**8,694**	2,119
Over 1 year	**12,809**	11,462
	217,317	166,695

14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
Due within one year or on demand	**2,693,611**	3,333,315

The trade and bills payables are non-interest-bearing and are normally settled on terms of three to six months.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds, net of business tax, from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and provision of property management services.

The revenue amounted to approximately RMB10,465.8 million in 2014, representing an increase of 10.5% from approximately RMB9,468.0 million in 2013.

In 2014, the revenue generated from property development, property investment, hotel operation and property management services were approximately RMB9,770.4 million, RMB147.0 million, RMB332.2 million and RMB216.2 million, respectively.

Property development

Revenue generated from property development increased by 8.8% to approximately RMB9,770.4 million in 2014 from approximately RMB8,976.9 million in 2013, primarily due to an increase in the recognised average selling price ("ASP") to RMB11,563 per sq.m. from RMB9,582 per sq.m. in 2013. The increase in the recognised ASP was principally attributable to the increase in the delivery of high-end properties with higher ASP in 2014. In addition, during 2013, due to the delivery of certain properties in exchange for the equity interest in Guangzhou Lihe Property Development Limited ("Guangzhou Lihe") to the ex-owner of The Summit in Guangzhou with relatively lower ASP, the overall ASP was at a relatively lower level. The effect of increase in recognised ASP is partially offset by a decrease in the total gross floor area ("GFA") delivered to 844,938 sq.m. in 2014 from 936,869 sq.m. in 2013.

Property investment

Revenue generated from the property investment slightly increased by 1.6% to approximately RMB147.0 million in 2014 from approximately RMB144.7 million in 2013.

Hotel operation

Revenue generated from hotel operation increased by 63.6% to approximately RMB332.2 million in 2014 from approximately RMB203.1 million in 2013, primarily attributable to 2014 being the first full operating year for our W Hotel in Guangzhou.

Provision of property management services

Revenue generated from the provision of property management services increased by 50.9% to approximately RMB216.2 million in 2014 from approximately RMB143.3 million in 2013, primarily attributable to an increase in the number of properties under management.

Cost of sales

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales increased by 11.8% to approximately RMB6,748.2 million in 2014 from approximately RMB6,036.0 million in 2013.

Land cost per sq.m. increased from RMB1,907 in 2013 to RMB2,604 in 2014, reflecting the sales of high-end properties with higher ASP and land costs. During 2013, mainly due to the delivery of certain properties in exchange for the equity interest in Guangzhou Lihe to the ex-owner of The Summit in Guangzhou with relatively lower land cost per sq.m., the overall land cost per sq.m. was at a relatively lower level.

Construction cost per sq.m. slightly increased from RMB3,875 in 2013 to RMB3,964 in 2014.

Gross profit

Gross profit of the Group increased by 8.3% to approximately RMB3,717.6 million in 2014 from approximately RMB3,432.0 million in 2013. The increase of gross profit was principally due to the increase in the total revenue and recognised ASP in 2014. The Group reported a gross profit margin of 35.5% for 2014 as compared with 36.2% for 2013.

Other income and gains, net

Other income and gains increased by 30.5% to approximately RMB98.3 million in 2014 from approximately RMB75.3 million in 2013, mainly comprising interest income of approximately RMB48.2 million.

Selling and marketing expenses

Selling and marketing expenses of the Group increased by 14.3% to approximately RMB298.5 million in 2014 from approximately RMB261.1 million in 2013, mainly due to an increase in advertising for our projects, such as Vision of the World in Shanghai, Moon Bay Project in Hainan, and the Summit and Global Metropolitan Plaza in Guangzhou.

Administrative expenses

Administrative expenses of the Group increased by 5.5% to approximately RMB794.2 million in 2014 from approximately RMB753.0 million in 2013, primarily attributable to the launch of our Hangzhou office and Tianjin office in October 2013 and December 2013, respectively.

Other operating expenses, net

Other operating expenses of the Group was approximately RMB313.0 million in 2014 (2013: approximately RMB0.9 million), mainly comprising premium paid on early redemption of senior notes.

Fair value gains on investment properties, net

The Group reported fair value gains on investment properties of approximately RMB699.1 million for 2014 (2013: approximately RMB541.5 million), mainly related to various leaseable commercial properties in various regions. The fair value gains attributable to those leaseable commercial properties, including International Finance Place ("IFP") and Global Metropolitan Plaza, were approximately RMB592.8 million for 2014. Fair value gains in respect of properties owned by the Group's joint ventures are included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss. Such gains were mainly contributed by Tian Hui Plaza in Guangzhou,

Finance costs

Finance costs of the Group being approximately RMB6.1 million in 2014 (2013: approximately RMB214.3 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they have not been capitalised.

Income tax expenses

Income tax expenses increased by 44.3% to approximately RMB1,377.4 million in 2014 from approximately RMB954.6 million in 2013, primarily due to an increase in the provision for LAT on the properties delivered in 2014.

Profit for the year

The Group reported profit for the year of approximately RMB3,268.1 million for 2014 (2013: approximately RMB2,749.3 million). Net profit margin increased to 31.2% for 2014 from 29.0% for 2013, as a result of the cumulative effect of the foregoing factors.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2014, the carrying amounts of the Group's cash and bank balances were approximately RMB10,871.1 million (31 December 2013: approximately RMB10,858.7 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2014, the carrying amount of the restricted cash was approximately RMB776.9 million (31 December 2013: approximately RMB1,444.2 million).

Borrowings and charges on the Group's assets

As at 31 December 2014, the Group's bank and other loans and senior notes were approximately RMB14,470.2 million and RMB10,042.9 million respectively. Amongst the bank and other loans, approximately RMB3,465.3 million will be repayable within 1 year, approximately RMB8,267.2 million will be repayable between 2 and 5 years and approximately RMB2,737.7 million will be repayable over 5 years. Amongst the senior notes, approximately RMB8,446.7 million will be repayable between 2 and 5 years and approximately RMB1,596.2 million will be repayable over 5 years.

As at 31 December 2014, the Group's bank and other loans of approximately RMB13,470.2 million were secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying value of approximately RMB19,533.2 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK$579.0 million and US$13.4 million as at 31 December 2014 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB3,149.9 million which were charged at fixed interest rates as at 31 December 2014. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2014.

Gearing ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 31 December 2014, the gearing ratio was 66.8% (31 December 2013: 56.3%).

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenues and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2014, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar maintained a relatively stable level and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

CONTINGENT LIABILITIES

(i) As at 31 December 2014, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB5,103.2 million (31 December 2013: approximately RMB4,846.4 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

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

(ii) As at 31 December 2014 and 2013, the Group had provided guarantees in respect of certain bank loans for joint ventures.

(iii) As at 31 December 2014 and 2013, the Group had provided a guarantee in respect of a bank loan for an associate.

MARKET REVIEW

China's property market underwent a downward adjustment period for the first three quarters of 2014, primarily caused by the oversupply and inventory built-up being carried over from the booming market in 2013. As a result, the Central Government promulgated a series of supportive measures since the first quarter to stimulate housing demand amid pessimistic market sentiment, such as lifting of home purchase restrictions in selected cities, relaxation of mortgage rulings and subsidies for first-time buyers. However, affected by tighter bank liquidity and general negative outlook towards housing prices, the policies achieved little success. On 30 September, the People's Bank of China issued "Notice on Further Improving Housing Financial Services", which proposed to set the lower limit of first home mortgage lending rate at 0.7 times of the benchmark lending rate. For those who have already purchased a first home and settled all outstanding mortgage, the first home mortgage policy can be applicable to their further mortgage application. Coupled with loosening of provident fund loans and lowered lending and deposit benchmark rates by the Central Bank, the property market saw a notable upturn, evidenced by increase in transaction volume in the fourth quarter.

During the year, the differentiation between cities and regions began to widen, owing to government policies and regional housing inventories. First-tier cities held stable housing prices as a result of healthier supply and demand. Second-tier cities became increasingly diversified in terms of housing prices and supply, some of which expedited inventory reduction with price cut, while some others showed different levels of price rise because of balance in supply and demand. For third- and fourth-tier cities, housing supply and demand was mostly out of balance due to over-supply and high level of inventory. Properties were offered at discounted prices in order to facilitate destocking.

BUSINESS REVIEW

In 2014, the Group added saleable resources in different areas by launching eleven brand new projects in Beijing, Guangzhou, Shanghai, Suzhou, Nanning and Hangzhou, respectively, namely Beijing Apex, La Villa, Rose and Ginkgo Mansion, Foshan Oriental Bund, Guangzhou Top of World, Shanghai Vision of the World, Suzhou Wan Hui Plaza, Nanning Core of Centre, Guangxi Top of World, Hangzhou Jade Garden and Hangzhou La Bali. The Group focused on launching small-size and upgrader unit types to meet market demands. For instance, Vision of the World in Fengxian District, Shanghai, which made its debut in March this year, introduced Loft apartments of 45 sq.m. During the year, leveraging on the strong momentum in Shanghai, the project launched residential units of 90–105 sq.m. and some of 133 sq.m., meeting the need of first-time buyers and upgrading buyers.

Meanwhile, the Group launched duplex units of 140 sq.m. featuring distinctive design in Beijing Apex, as well as ihouse villas of 168–250 sq.m. in The Summit and Top of World in Guangzhou, which suit buyers' preferences. Thanks to outstanding design and reasonable pricing, our products distinguished themselves against other comparable projects in the neighbourhood and received positive feedback from buyers, as proven by impressive sell-through upon opening.

In view of the development of internet and e-commerce, the Group published promotional advertisements for its new and old projects on e-commerce platforms such as soufun.com, house.163.com, house.sina.com.cn, kfw001.com and WeChat official account. Information about special offers was made available on these platforms to increase projects' exposure. To speed up destocking process for old projects, some selective units were offered at discount prices at times, or an overall price adjustment was made through changing the fit-out standard.

For the year ended 31 December 2014, the Group reported an attributable pre-sales amount of approximately RMB20,524.0 million, representing sales contribution from a total of 35 projects.

During the year, to ensure sufficient land bank for future development, the Group followed a prudent land policy, exercised stringent cost control and conducted land purchases in a sensible manner. The Group acquired nine new land parcels in Guangzhou, Hangzhou, Beijing, Nanning and Zhengzhou, respectively. As at 31 December 2014, the Group held a land bank with an attributable GFA of approximately 10.1 million sq.m.

In the first half of the year, while the land market was less competitive, the Group conducted anti-cyclical acquisition of land sites with a focus on first- and second- tier cities with reasonable land premiums and promising development prospects. The Group acquired The More located in the Future Science City in Hangzhou, two land parcels in the core area of Tongzhou Canal of Beijing, and Guangxi Top of World in Wuxiang New District, Nanning through land auctions. At the same time, the Group acquired Rose and Ginkgo Mansion located in Changping District, Beijing, as well as two land parcels located in Pazhou of Guangzhou and Guangzhou Finance City by way of equity cooperation and partook project development with its partners. In the second half of the year, the Group slowed down the pace of land purchase as the land market began to demand higher premium. The Group cooperated with third-party developers to jointly develop The Horizon in Guangzhou, and entered into Zhengzhou, Henan at the year end, establishing a brand new foothold in the city.

To better control development cost and speed up construction progress, the Group continued to improve standardization over the design and furnishing of sales centres, show flats and actual units of both old and newly developed projects in all cities. At the end of the year, the KWG Pavilion was opened in Hangzhou to showcase standard fitted units of 89–127 sq.m. Apart from functioning as the show flats for all of our Hangzhou projects, the KWG Pavilion also served as benchmark for other projects of the Group and symbolized a breakthrough in product standardization. Furthermore, our ERP system was further upgraded during the year to better monitor construction progress and cost management, to ensure high product quality and sound profitability.

In order to have sufficient working capital, the Group accessed a range of different financing channels to better manage funding costs. During the year, the Group maintained healthy business relationships with domestic banks, and secured domestic development loans at favourable rates due to its proven credit history and transparent financials. Meanwhile, the Group closely monitored the developments in offshore capital market. In January and August 2014, the Group successfully issued US$600 million and US$400 million senior notes with 5-year terms at lower coupon rate, both of which were designated to redeem higher interest-rate notes issued in prior years to cut down finance cost. During the year, the Group also secured a syndicated loan in Hong Kong to further optimize its financial structure. As at 31 December 2014, the Group's cash on hand amounted to approximately RMB10,871.1 million.

To ensure long-term growth, the Group proactively started preliminary preparations of commercial projects in Beijing, Shanghai, Suzhou and Chengdu. Such projects distinguish themselves from traditional shopping malls in terms of design, operation and management, integrating local flair and taste to create malls that bring unique experiences to customers. For example, the modern shopping mall planned to be built in the core area of Chongwenmen, Beijing will feature a combination of multipurpose event venues and F&B facilities; the theme shopping mall in Xinjiangwan, Shanghai will be integrated into a green land belt of the city; and the shopping mall in Suzhou will accentuate family leisure activities.

Investment Properties and Hotels

1) *Hotels*

Since the establishment of the first hotel in 2009, the Group has built Four Points by Sheraton Guangzhou, Dongpu, Sheraton Guangzhou Huadu Resort and W Hotel. Benefiting from convenient locations, outstanding hotel management and reputable brand names, the operational capacity of hotels has witnessed year-on-year improvement and returns from hotel investments are also growing.

2) *Completed investment properties available for lease*

Attributing to excellent location, attentive services and pleasant office environment, IFP, one of the major investment properties of the Group, has gained wide recognition from tenants including financial enterprises and Guangzhou headquarters of multinational corporations since its establishment in the Pearl River New Town in 2007, and has secured stable occupancy. As at 31 December 2014, the occupancy rate of IFP stood at 96%. Major tenants included various financial institutions such as China Construction Bank, Standard Chartered Bank, Bank of China, and Consulate General of Italy.

For the year ended 31 December 2014, turnover of the Group from its leasing of office premises and retail properties amounted to approximately RMB147.0 million (2013: approximately RMB144.7 million).

BUSINESS OUTLOOK

Looking forward to 2015, the Group expects to launch about ten brand new projects with suitable products in premium locations in cities such as Guangzhou, Hangzhou, Tianjin, Nanning and Beijing. The products will include residential units, villas, serviced apartments and offices based on local market need, most of which will be meeting first-buyer and upgrading demands, such as The Horizon in Guangzhou, Tianjin Boulevard Terrace I&II, The More in Hangzhou and Guangzhou Finance City Project. Meanwhile, the Group will launch new phases of existing projects such as Guangzhou Top of World, The Eden in Guangzhou, Beijing Apex and Hangzhou Jade Garden to replenish saleable resources in a timely manner.

The Group will continue to exercise stringent control over the pace of land acquisition and expedite sales and inventory turnover to achieve higher level of cash collection by adopting flexible sales and pricing strategies. Besides, new additions will be added to the investment properties portfolio, with office projects and shopping malls in Guangzhou, Shanghai, Beijing, Suzhou and Chengdu in the pipeline.

With continuous focus on property development and further expansion into the operation and rental of hotels, offices and shopping malls, the Group believes that it is well-positioned to capitalize on the diversified business model to solidify its foundation and deliver better returns to shareholders.

OVERVIEW OF THE GROUP'S PROPERTY DEVELOPMENT

As at 31 December 2014, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou and Zhengzhou.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (*'000 sq.m.*)	Interest Attributable to the Group (*%*)
1.	The Summit	Guangzhou	Residential / villas / serviced apartments / office / retail	1,958	100
2.	Global Metropolitan Plaza	Guangzhou	Office / retail	73	50
3.	Tian Hui Plaza (included The Riviera and Top Plaza)	Guangzhou	Serviced apartments / office / hotel / retail	110	33.3
4.	Oriental Bund	Guangzhou	Residential / serviced apartments / office / hotel / retail	560	20
5.	The Regent	Guangzhou	Serviced apartments / office / retail	115	100
6.	Biological Island II	Guangzhou	Office / retail	84	100
7.	Top of World	Guangzhou	Villas / serviced apartments / office / hotel / retail	603	100
8.	The Eden	Guangzhou	Residential / retail	114	50
9.	Zengcheng Gua Lv Lake	Guangzhou	Villas / hotel	43	100
10.	Guangzhou Ta Gang Project	Guangzhou	Residential / villas / retail	344	100
11.	Guangzhou Finance City Project	Guangzhou	Serviced apartments / retail	102	33.3
12.	Guangzhou Pazhou Project	Guangzhou	Office	50	50
13.	The Horizon (formerly called Guangzhou Nansha Project)	Guangzhou	Residential / retail	158	35
14.	IFP	Guangzhou	Office / retail	61	100
15.	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
16.	Sheraton Guangzhou Huadu Resort	Guangzhou	Hotel	25	100
17.	W Hotel / W Serviced Apartments	Guangzhou	Hotel / serviced apartments	80	100
18.	The Sapphire	Suzhou	Residential / serviced apartments / hotel / retail	118	100
19.	Suzhou Apex	Suzhou	Residential / serviced apartments / hotel / retail	146	90
20.	Suzhou Emerald	Suzhou	Residential / retail	110	100
21.	Leader Plaza	Suzhou	Serviced apartments / office / retail	37	51
22.	Wan Hui Plaza	Suzhou	Office / retail	60	100
23.	Suzhou Jade Garden	Suzhou	Residential / retail	43	100
24.	The Vision of the World	Chengdu	Residential / serviced apartments / retail	12	100
25.	Chengdu Cosmos	Chengdu	Residential / serviced apartments / office / hotel / retail	502	100
26.	Chengdu Sky Ville	Chengdu	Residential / serviced apartments / office / hotel / retail	422	50
27.	Fragrant Seasons	Beijing	Residential / villas / serviced apartments / retail	63	100
28.	La Villa	Beijing	Residential / retail	100	50
29.	Beijing Apex	Beijing	Residential / villas / serviced apartments / office / retail	105	50
30.	Chong Wen Men	Beijing	Retail	16	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
31.	Summer Terrace	Beijing	Residential / villas / retail	27	100
32.	Beijing Tongzhou I	Beijing	Serviced apartments / office / retail	128	100
33.	Beijing Tongzhou II	Beijing	Serviced apartments / office / retail	125	100
34.	Rose and Ginkgo Mansion	Beijing	Residential / villas	69	33
35.	Pearl Coast	Hainan	Villas / residential / hotel	250	100
36.	Moon Bay Project	Hainan	Villas / residential / hotel / retail	454	100
37.	Pudong Project	Shanghai	Office / retail	78	100
38.	The Core of Center	Shanghai	Residential / serviced apartments / office / retail	48	50
39.	Shanghai Apex	Shanghai	Residential / serviced apartments / hotel / retail	71	100
40.	Shanghai Sapphire	Shanghai	Serviced apartments / hotel / retail	109	100
41.	Shanghai Emerald	Shanghai	Residential / retail	10	100
42.	Amazing Bay	Shanghai	Residential / serviced apartments / hotel / office / retail	102	50
43.	Vision of the World	Shanghai	Residential / serviced apartments / retail	236	100
44.	Jinnan New Town	Tianjin	Residential / villas / serviced apartments / retail	654	25
45.	Boulevard Terrace I	Tianjin	Residential / retail	55	100
46.	Boulevard Terrace II	Tianjin	Residential / villas / retail	32	100
47.	The Core of Center	Nanning	Residential / villas / office / retail	568	87
48.	Guangxi International Finance Place	Nanning	Office / retail	62	87
49.	Guangxi Top of World	Nanning	Residential / villas / hotel / retail	486	87
50.	Hangzhou Jade Garden	Hangzhou	Residential	47	100
51.	Hangzhou La Bali (formerly called Hangzhou Science City II)	Hangzhou	Residential / villas	58	100
52.	The More (formerly called Hangzhou Science City III)	Hangzhou	Residential	106	100
53.	The MuLian Hangzhou	Hangzhou	Hotel / retail	18	100
54.	Henan Zhengzhou Project	Zhengzhou	Residential / retail	29	100

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2014, the Group employed a total of approximately 5,100 employees. The total staff costs incurred was approximately RMB533.6 million during the financial year ended 31 December 2014. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

During the year ended 31 December 2014, total of 954,000 share options were cancelled and a total of 4,775,000 share options were lapsed. No share options were granted or exercised as at the date of approval of this results announcement. Details of share option movement for the year ended 31 December 2014 will be stated in the coming annual report.

DIVIDEND

The Board of the Company has proposed the payment of a final scrip dividend (with a cash option) of RMB33 cents per ordinary share for the year ended 31 December 2014. The proposed final scrip dividend (with a cash option), if approved by the shareholders at the 2014 AGM, will be paid on or before 28 July 2015 to the shareholders whose names appear on the register of members of the Company on 16 June 2015.

The proposed final scrip dividend (with a cash option) shall be declared in RMB and paid in Hong Kong dollars. The final scrip dividend (with a cash option) payable in Hong Kong dollars will be converted from RMB at the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China.

Payment of the final dividend is subject to (1) the approval of the proposed final scrip dividend (with a cash option) at the 2014 AGM of the Company to be held on 5 June 2015; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the proposed scrip dividend together with the relevant form of election will be sent to the shareholders on or around 25 June 2015. It is expected that the final dividend warrants and certificates for the new shares will be dispatched to shareholders on or around 28 July 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining the shareholders who are entitled to attend and vote at the 2014 AGM to be held on 5 June 2015, the register of members of the Company will be closed on Monday, 1 June 2015 to Friday, 5 June 2015, both days inclusive. In order to qualify for attending and voting at the 2014 AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 29 May 2015.

(b) For the purpose of determining the shareholders who qualify for the final dividend, the register of members of the Company will be closed on Thursday, 11 June 2015 to Tuesday, 16 June 2015, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 10 June 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors of the Company regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the provisions of the Model Code for the financial year ended 31 December 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor confidence and the Company's accountability and transparency but also important to the Company's long-term success. The Group, therefore, strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions in the Corporate Governance Code (the "Code Provision") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2014.

Audit Committee

The Audit Committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The Audit Committee reports to the Board and is delegated by the Board to assess matters related to the financial statements and to perform the duties, including but not limited to, reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor.

As at 31 December 2014, the Audit Committee comprises three members who are Independent Non-executive Directors of the Company, namely Mr. Tam Chun Fai (Chairman), Mr. Lee Ka Sze Carmelo *JP* and Mr. Li Bin Hai. Mr. Dai Feng resigned as a member of the Audit Committee on 28 February 2014.

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2014.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The principal responsibilities of the remuneration committee include but not limited to formulate and make recommendations on remuneration policy and remuneration package of the directors and members of senior management to the Board. As at 31 December 2014, the Remuneration Committee comprises an Executive Director, namely Mr. Kong Jian Min, and two Independent Non-executive Directors, namely Mr. Tam Chun Fai (Chairman) and Mr. Li Bin Hai. Mr. Dai Feng resigned as the Chairman of Remuneration Committee on 28 February 2014 and Mr. Tam Chun Fai has taken up the place on the same date.

Nomination Committee

The Nomination Committee was established on 11 June 2007. The Nomination Committee is responsible for, including but not limited to, reviewing the structure, size and composition of the Board and making recommendations to the Board on selection of candidates for directorships. As at 31 December 2014, the Nomination Committee comprises an Executive Director, namely Mr. Kong Jian Min (Chairman), and two Independent Non-executive Directors, namely Mr. Tam Chun Fai and Mr. Li Bin Hai. Mr. Dai Feng resigned as a member of Nomination Committee on 28 February 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2014 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.kwgproperty.com/en/ivr/index.aspx.

2014 AGM

The 2014 AGM of the Company will be held on Friday, 5 June 2015 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

By Order of the Board
KWG Property Holding Limited
Kong Jian Min
Chairman

Hong Kong, 23 March 2015

As at the date of this announcement, the Executive Directors are Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim and Mr. He Wei Zhi; and the Independent Non-executive Directors are Mr. Lee Ka Sze, Carmelo JP, Mr. Tam Chun Fai and Mr. Li Bin Hai.