豐盛
FULLSHARE

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00607)

Annual Report 2014

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Ji Changqun *(Chairman and CEO)*
Mr. Shi Zhiqiang
Mr. Wang Bo
Mr. Fang Jian

Non-executive Directors
Mr. Eddie Hurip
Mr. Chen Minrui

Independent Non-executive Directors
Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
43th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY SECRETARY

Ms. Seto Ying

AUDIT COMMITTEE

Mr. Chow Siu Lui *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

REMUNERATION COMMITTEE

Mr. Lau Chi Keung *(Chairman)*
Mr. Ji Changqun
Mr. Tsang Sai Chung

NOMINATION COMMITTEE

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited, Yancheng and Chongqing Branch
Industrial and Commercial Bank of China Limited,
Yancheng and Chongqing Branch

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2526, Level 25
Admiralty Centre Tower I
18 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

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

WEBSITE

www.fullshare.com

STOCK CODE

00607

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ji Changqun ("Mr. Ji"), aged 46, was appointed as an executive director (the "Director") of Fullshare Holdings Limited (the "Company"), chief executive officer, the chairman of the board of Directors (the "Board"), the chairman of nomination committee and a member of remuneration committee of the Company on 12 December 2013. Mr. Ji has over seven years of management experience in the real estate industry in the PRC. Mr. Ji has been a director and the chairman of Nanjing Fullshare Industrial Holding Co. Limited*（南京豐盛產業控股集團有限公司, "Nanjing Fullshare Holding") since November 2002. He obtained a diploma of adult higher education majoring in highway and city road issued by Nanjing Associated Workers' College（南京聯合職工大學）in February 1999. Mr. Ji studied the courses for postgraduates majoring in management science and engineering in Southeast University from September 2003 to September 2005. Mr. Ji obtained a master's degree majoring in business administration issued by Macau University of Science and Technology in June 2006. Mr. Ji is a PRC senior engineer and senior economist. Mr. Ji worked as the project manager and the branch manager of Nanjing Jiasheng Infrastructure Engineering Co., Limited（南京嘉盛基礎建設工程有限公司）from March 1993 to August 1995. Mr. Ji worked as the deputy general manager and the general manager of Jiasheng Construction Group Co., Limited*（嘉盛建設集團有限公司）from September 1995 to November 2011. Mr. Ji holds a lot of important social positions, including the representative of People's Congress of Nanjing, the vice chairman of Jiangsu Federation of Industrial Economics, Jiangsu Enterprise Confederation and Jiangsu Enterprise Directors Association, the chairman of Anhui Chamber of Commerce of Jiangsu Province（江蘇省安徽商會）, the vice president and vice chairman of Nanjing Federation of Industry and Commerce, the chairman of Australia Nanjing General Chamber of Commerce（澳大利亞南京總商會）and the vice chairman of Nanjing Overseas Exchange Association, the honorary chairman of the board of directors of Nanjing University of Chinese Medicine, the guest professor of Nanjing University of Chinese Medicine, the dean of Fullshare Health Institute（豐盛健康學院）. Mr. Ji was awarded with various honors, including Nanjing Model Worker in 2006, Outstanding Contribution Entrepreneur of Jiangsu Construction Industry（江蘇省建築業突出貢獻企業家）in 2007, Nanjing Guangcai Programme Star（南京市光彩事業之星）in 2010, National Outstanding Entrepreneur on Staff Caring in Private Sector（全國關愛員工優秀民營企業家）in 2011, May 1 Labour Medal award winner of Jiangsu Province（江蘇省五一勞動獎章）in 2012, Outstanding Builder of Socialism with Chinese Characteristics of Jiangsu Province（江蘇省優秀中國特色社會主義事業建設者）in 2012, Top 10 Integrity Models（十大誠信標兵）issued by Jiangsu Province in 2012, the 4th Outstanding Entrepreneur of Jiangsu Province in 2013(二零一三年第四屆江蘇省優秀企業家）and the Most Influential Brand Character in the Health Industry in 2013(二零一三年健康產業最具影響力品牌人物）.

Biographical Details of Directors and Senior Management

Mr. Shi Zhiqiang ("Mr. Shi"), aged 39, was appointed as an executive Director of the Company on 25 November 2013 and chief investment officer and special assistant to the chief executive officer of the Company on 1 January 2014. Mr. Shi has over five years of management experience in the real estate industry in the PRC. Mr. Shi is currently a director, the general manager and the legal representative of Nanjing Fullshare Asset Management Limited (南京豐盛資產管理有限公司, "Nanjing Fullshare Asset Management"). Mr. Shi has been a director, the general manager and the legal representative of Jiangsu Province Fullshare Property Development Limited* (江蘇省豐盛房地產開發有限公司, "Jiangsu Fullshare Property") since August 2012 and a director of Chongqing Tongjing Changhao Property Limited (重慶同景昌浩置業有限公司, "Chongqing Tongjing") since July 2011. Mr. Shi is also a director of certain subsidiaries of the Company. Mr. Shi obtained a diploma majoring in financial accounting issued by the Township Enterprise Management Institution organised by the Department of Agriculture of the PRC. Mr. Shi is a PRC accountant and an international certified internal auditor. Mr. Shi worked as the financial controller of Jiangsu Zhongda Communication Industry Co., Limited* (江蘇中大通信實業有限公司) from December 2004 to July 2005. Mr. Shi worked as the deputy manager of financial management department, audit manager, audit director and chief financial officer of Nanjing Fullshare Holding from July 2005 to March 2011. Mr. Shi worked as a director of Nanjing Fullshare Holding from June 2011 to April 2013 and the assistant to the chairman of Nanjing Fullshare Holding from March 2011 to January 2013.

Mr. Wang Bo ("Mr. Wang"), aged 34, was appointed as an executive Director of the Company on 10 September 2014. Mr. Wang obtained Juris doctor degree from Duke University, USA, in 2007, master of laws degree from Nanjing University in 2004 and bachelor of laws degree from Nanjing University of Finance & Economics in 2001. He also obtained Legal Profession Qualification of PRC in 2002. Mr. Wang worked as a manager of Legal Department of DBS Bank (China) Limited Shanghai Branch from 2010 to 2011 and an associate and a senior associate of King & Wood Mallesons from 2007 to 2010. From March 2011 to September 2014, Mr. Wang worked as the general manager of Fullshare Group Limited and the director and the managing director of Fullshare International Group Limited. Since March 2011, Mr. Wang has been and is currently a director of Fullshare Group Limited. The controlling shareholder of Fullshare Group Limited and Fullshare International Group Limited is Mr. Ji. Mr. Wang is also a director of certain subsidiaries of the Company.

Biographical Details of Directors and Senior Management

Mr. Fang Jian ("Mr. Fang"), aged 48, was appointed as an executive Director of the Company, and the chairman of the board, an executive director and the legal representative, and general manager of Fullshare Green Building Group Company Limited*（豐盛綠建集團有限公司, "Fullshare Lujian", formerly known as Jiangsu Ruiheng Construction Limited* 江蘇鋭恒建設有限公司）in December 2014. Fullshare Lujian is a subsidiary of the Company. Mr. Fang obtained a professional diploma in road and bridges in the department of civil engineering in Jinling Institute of Technology in 1987. Mr. Fang has over eight years of management experience in the green building and energy saving building industry in the PRC. He joined Nanjing Fullshare Holding as a vice president from July 2006 to December 2009 and has been appointed as a director of Nanjing Fullshare Holding since 2011. From October 2006 to December 2014, he has been the chairman of the board, an executive director and the legal representative of Nanjing Fullshare Energy Technology Company Limited*（南京豐盛新能源科技股份有限公司, "Nanjing Fullshare Energy"）. He has been the shareholder of Nanjing Fullshare Energy starting from November 2010. He has been appointed as the chairman of the board, an executive director and the legal representative of Jiangsu Green Building Research Centre Company Limited*（江蘇省綠色建築工程技術研究中心有限公司, "Jiangsu Green Building"）since September 2008. From July 2013 to December 2014, he has been appointed as the chairman of the board, an executive director and the legal representative of Anhui Green Building Company Limited*（安徽省綠色建築有限公司, "Anhui Green Building"）. Jiangsu Green Building and Anhui Green Building are subsidiaries of Nanjing Fullshare Energy. Nanjing Fullshare Energy is a subsidiary of Nanjing Fullshare Holding, which is controlled by Mr. Ji.

Non-executive Directors

Mr. Eddie Hurip ("Mr. Hurip"), aged 56, was appointed as an executive Director on 25 November 2013 and re-designated as a non-executive Director on 31 March 2015. Mr. Hurip has over eight years of management experience in the real estate industry in the PRC and Hong Kong. Mr. Hurip was responsible for providing consulting services for the acquisition of Nanjing Fullshare Asset Management and the resumption of trading in the shares of the Company (the "Shares") which was completed in December 2013. Mr. Hurip obtained a bachelor's degree in Electrical Engineering and Computer Science from the University of California, Berkeley and an Executive MBA degree from the Marshall Business School of the University of Southern California. Mr. Hurip was an executive director of China Overseas Grand Oceans Group Limited (formerly known as Shell Electric Mfg. (Holdings) Company Limited, (Hong Kong stock code: 0081)) from 2006 to 2010.

Mr. Chen Minrui ("Mr. Chen"), aged 50, was appointed as a non-executive Director on 31 March 2015. Mr. Chen obtained a bachelor of science in Fuzhou University in 1984 and a master of science in Xiamen University in 1990. Mr. Chen has over 24 years of human resources experience by holding key human resources management positions in various firms including ABB Xiamen Switchgear Co. Limited, Dell Computer (China) Co. Limited, Nokia Pte Limited and Fuyao Glass Industry Group Co., Limited (Hong Kong stock code: 3606). He is currently the deputy general manager and the director of human resources in Fullshare Group Pte Limited. The controlling shareholder of Fullshare Group Pte Limited is Mr. Ji.

Biographical Details of Directors and Senior Management

Independent Non-executive Directors

Mr. Lau Chi Keung ("Mr. Lau"), aged 66, was appointed as an independent non-executive Director, the chairman of remuneration committee, a member of nomination committee and audit committee of the Company on 12 December 2013. Mr. Lau has over 38 years of management experience in the real estate industry in the PRC and in Hong Kong. Mr. Lau obtained a higher diploma majoring in surveying/building technology issued by Hong Kong Technical College (currently known as Hong Kong Polytechnic University) in 1970. Mr. Lau was admitted fellow member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively in 1987. Mr. Lau was appointed as a director of Henderson Investment Limited in 1995 and was appointed as a director of Henderson China Development Limited in 2005. Mr. Lau served in many social positions, including a member of the Construction Industry Training Authority, a member of the Administrative Appeals Board from 2003 to 2009 and an external examiner respectively of the Hong Kong University – B.Sc. (Hons) Degree in Surveying from 1998 to 2001 and of the Hong Kong Polytechnic University – B.Sc. (Hons) programme in Building Surveying from 2005 to 2007. Mr. Lau currently holds several social positions, including a member of the Disciplinary Panel of Hong Kong Institute of Surveyors, a member of the Appeal Tribunal Panel of Planning and Lands Branch, Development Bureau of Government Secretariat. Mr. Lau was awarded with "Justice of the Peace" issued by the Hong Kong government in 2001 and "Medal of Honour" issued by the Hong Kong government in 2005.

Mr. Chow Siu Lui ("Mr. Chow"), aged 54, was appointed as an independent non-executive Director and the chairman of audit committee of the Company on 12 December 2013. Mr. Chow is the Managing Director (Private Equities) of VMS Investment Group. Mr. Chow is currently a council member and the Chairman of the Professional Development Committee of the Hong Kong Institute of Chartered Secretaries and the chairman of the Mainland Development Strategies Advisory Panel of the Hong Kong Institute of Certified Public Accountants. Previously, he was a member of both of the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Dual Filing Advisory Group of the Securities and Futures Commission. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountant, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Chow had been working with one of the four largest certified public accounting firms in the world as a partner for many years. He has an in-depth knowledge on the accounting standards and business regulations in Hong Kong. Mr. Chow has been serving as an independent non-executive director of Kong Shum Union Property Management (Holding) Limited (Hong Kong stock code: 8181) since February 2015 and was appointed as an independent non-executive director of NWS Holdings Limited (Hong Kong stock code: 00659) and a member of the nomination committee of this company on 1 March 2012 and resigned on 12 June 2012.

Mr. Tsang Sai Chung ("Mr. Tsang"), aged 51, was appointed as an independent non-executive Director and a member of audit committee, remuneration committee and nomination committee of the Company on 12 December 2013. Mr. Tsang obtained a bachelor's degree of arts from the University of Hong Kong in 1985 and completed PCLL programme in University of Hong Kong in 1993. Mr. Tsang undertook his trainee programme and worked as an associate of Baker & McKenzie from September 1993 to January 1999. He then moved to in house with various companies and worked as an executive director, general counsel and company secretary of HKC (Holdings) Limited (Hong Kong stock code: 00190) from April 2004 to September 2009. Mr. Tsang was the general counsel and company secretary of Sa Sa International Holdings Limited (Hong Kong stock code: 00178) from September 2012 to September 2014. Mr. Tsang joined Pacific Century Premium Developments (Hong Kong stock code: 00432) as general counsel on 29 September 2014 and was also appointed as their company secretary on 25 November 2014.

Biographical Details of Directors and Senior Management

Senior Management

Mr. Yuen Chi Ping ("Mr. Yuen"), aged 36, was appointed as the chief operating officer of the Company on 1 October 2014. Mr. Yuen is a qualified lawyer in both Hong Kong, and England and Wales. Mr. Yuen has over 12 years of experience practicing as a lawyer in the PRC and Hong Kong, and has extensive experience in corporate law, China-related public and private mergers and acquisitions, and capital market transactions. Mr. Yuen obtained a bachelor's degree in Laws in 2001 and completed the PCLL programme in 2002 in the University of Hong Kong, then undertook his traineeship and worked as a lawyer in various leading international law firms. He worked as a special counsel in the Shanghai office of Baker & McKenzie from 2011 to 2014, responsible for the firm's securities practice in Shanghai. Since May 2014, Mr. Yuen has been appointed as the head of investment and legal of Fullshare International Group Limited, and subsequently the chief operating officer of the Company. The controlling shareholder of Fullshare International Group Limited is Mr. Ji.

Ms. Seto Ying ("Ms. Seto"), aged 38, was appointed as the company secretary and the financial controller of the Company on 12 December 2013. Ms. Seto resigned as an executive Director of the Company on 12 December 2013. Ms. Seto obtained a bachelor's degree majoring in business administration in accountancy issued by the Chinese University of Hong Kong in 1998. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Institute of Chartered Secretaries. Ms. Seto has more than 10 years of experience in the field of finance and accounting and company secretarial matters including working in an international accounting firm.

Mr. Tang Congmin ("Mr. Tang"), aged 38, was appointed as the administration and human resources director of the Company in January 2013. He joined Nanjing Fullshare Holding in August 2010 and worked as the administration and human resources director of Fullshare Technology Group Limited*（豐盛科技集團有限公司）and the secretary of the board of directors, administrative director and human resources director of Nanjing Fullshare Holding from August 2010 to January 2013. The controlling shareholder of Fullshare Technology Group Limited* and Nanjing Fullshare Holding is Mr. Ji. Mr. Tang worked as the deputy general manager and the secretary of the board of directors of Jiangsu Tianba Group（江蘇天霸集團）from February 2008 to July 2010. He has three years of working experience in the field of management consultation in Nanjing Orient Consulting Co., Limited（南京東方智業管理顧問公司）as a consultant, project manager, project director and assistant to president. He obtained a master degree in economics from Nanjing University of Science and Technology in July 2005 with research direction focusing on human resources management.

Mr. Zhang Yong ("Mr. Zhang"), aged 41, senior engineer, has over ten years of management experience in the real estate industry and is currently the president of secondary development department of the Company. He joined Nanjing Fullshare Holding in March 2013 as the assistant to president of the real estate department and the general manager of Nanjing Fullshare Dazu Technology Co., Limited*（南京豐盛大族科技股份有限公司, "Nanjing Fullshare Dazu"）. The controlling shareholder of Nanjing Fullshare Dazu is Mr. Ji and Nanjing Fullshare Dazu subsequently became a subsidiary of the Company. Mr. Zhang worked as the general manager of Jiangsu Rundi Real Estate Development Co., Limited（江蘇潤地房地產開發有限公司）(an affiliated company of Jiangsu Yurun Real Estate Group（江蘇雨潤地產集團）), general manager of the regional company and the assistant to group president from December 2005 to February 2013. He worked as the project manager of Nanjing Yincheng Real Estate Development Co., Limited（南京銀城房地產開發有限公司）and the general manager of the project company from December 2002 to November 2005. He obtained a professional diploma in industrial and civil construction（工業與民用建築）from Southwest China Institute of Technology in July 1996.

* *For identification purpose only*

Chairman's Statement

Dear Shareholders,

2014 was a year of diligence, integration and innovation for Fullshare Holdings Limited.

In this year, China's overall economy showed a stable albeit descending trend, however, a series of measures in economic structural adjustments, growth stabilization and reform facilitation were implemented orderly by the government.

China's urbanization process is far from coming to an end. The reformatory benefits are emerging gradually while innovation thinking is catalyzing greater and more sustainable development opportunities.

Leveraging on practice and experience in its green building technology services, new energy and health services aspects, Fullshare Holdings implemented its strategy adjustment and resources integration in 2014. In this year, the Company changed its name to "Fullshare Holdings Limited", thereby positioned itself in focusing on green technology and health services. We are committed to become a comprehensive enterprise aiming at scalable application of green energy conservation technology and construction of health services operating system and striving to provide various solutions, including green urban planning, green building design, EPC master contracting in green building, green energy conservation technology proposals, green real estate development, construction energy management and comprehensive health services.

In order to strengthen the Company's operation capability and optimize its capital structure, Fullshare Holdings carried out a number of acquisitions and broadened the capital base by conversions of convertible bonds into shares and private placements of shares. In addition, a project to develop Jurong City, Jiangsu into a green technology urban and region, was conducted, and at the same time, we explored the development of the EPC and PPP innovative models. All of these laid a foundation for the strategic implementation and capital structure improvement of Fullshare Holdings in green building, green technology, health services, urban operation services and other sectors.

While at the stage of transmission, adjustment and reform, Fullshare Holdings will boldly face the challenges in 2015. In positioning as a comprehensive solution provider in green technology and health services, the Company has determined its medium term operating targets of achieving annual compound growth rates of over 25% and over 40% in revenue and profit in next five years respectively. In short term, the financial target is to achieve a company's asset size of over RMB10.0 billion with debts-to-net assets ratio less than 100% in one year.

According to the Company's overall plan, currently, we will focus on building "one foundation, two new businesses and three key supports".

One foundation:

The Company will integrate its own and external quality resources, always insist on and continue to build the foundation of light-asset operation platform, continuously develop intensively the value points in green technology and health services industrial chains, promote the differentiation and professional operation of full industrial chain.

Two new businesses:

Two businesses of green technology and comprehensive health services will be newly developed. Taking green building and energy conservation technology as the core, we aim to transform traditional buildings so as to build up green buildings, communities and new towns. Also, taking comprehensive health services as the core, we aim to continuously improve the added-values of construction project services so as to create the community health operation system.

Three key supports:

(a) Green building services: This mainly promotes the implementation of EPC master contracting service model in green building business and continuously enhances the innovative application and investment scale of green energy conservation technology. By well making use of our quality resources and facilities and the application of the internet, we will create a cloud service platform for green building technology. This will help achieve the resources integration of the whole process in green building and motivate in-depth cooperation with upstream and downstream parties.

(b) Health services: This actively promotes the implementation of business model for the union of the health, regimen, medical, elderly care and development projects, creates online health management and operation service platform and improves the health management and operation capability. This will provide support and guarantee in establishing the differentiation advantages for the Company.

(c) Green health real estate: We will continuously insist on taking green energy conservation technology and health services as the cores, so as to enrich and be innovative in our product lines. This will facilitate a solid increase in brand value of Fullshare Holdings.

In 2015, with the objective of "growing business and sharing profits together" and goal of "joyful working and healthy living", we will focus on how to provide convenient and less expensive services to our extensive customers, cooperative partners, shareholders and social communities, maximize shareholders' interests and provide a career development platform for employees and cooperative partners.

This is our attitude as well as the goal of Fullshare Holdings. By perseverance, our goal will be realised.

Ji Changqun
Chairman and executive Director
Hong Kong, 31 March 2015

Management Discussion and Analysis

BUSINESS REVIEW

The revenue of Fullshare Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 ("Year 2014") mainly came from sales of real properties and partially from green building services.

Property sales

For Year 2014, the revenue of property sales of the Group was approximately RMB631,240,000, representing a decline of 27% when compared with the year ended 31 December 2013 ("Year 2013"). The Group delivered properties with an aggregate gross floor area ("GFA") of approximately 107,330 sq.m. in Year 2014, representing a decrease of approximately 49,630 sq.m. over last year. Gross profit margin for property sales decreased by approximately 6% over Year 2013. The average selling price recognised in Year 2014 was RMB5,881 per sq.m..

For Year 2014, the Group made contracted sales of approximately RMB503,766,000, representing an increase of approximately 8% over Year 2013. The Group made contracted sales for an aggregate GFA of approximately 73,669 sq.m., representing a decrease of 3% over Year 2013. Average selling price was approximately RMB6,838 per sq.m., representing an increase of approximately 12% over Year 2013, which was mainly due to the higher selling price per sq.m. of the property project of a subsidiary newly acquired during Year 2014.

As of 31 December 2014, the Group's contracted sales for the contracts signed but not yet delivered were approximately RMB437,882,000, with a total area of approximately 61,871 sq.m. providing a solid foundation for the continuous stable growth of the Group's future revenue.

Green building services

As of 31 December 2014, the Group completed the acquisition of the entire equity interest in Fullshare Green Building Group Company Limited*（豐盛綠建集團有限公司, "Fullshare Lujian", formerly known as Jiangsu Ruiheng Construction Limited* 江蘇鋭恒建設有限公司）and its subsidiary, a new business segment of "Green Building Services" was then established. The green building service segment is principally engaged in green building, green urban EPC (Engineering-Procurement-Construction), EMC (Energy Management Contract) services, etc in the PRC.

For the period from the completion date of the acquisition (being 15 December 2014) to 31 December 2014, the revenue of the Group from green building services was approximately RMB12,553,000, with a gross profit margin of approximately 4%. The Group expects that the green building services will further expand the income source of the Group.

* *For identification purpose only*

A breakdown of the major property developments of the Group as at 31 December 2014 are as follows:

Project name	Address	Project type	Construction progress of the projects	Expected completion date	Site area (sq.m.)	GFA completed (sq.m.)	GFA under construction (sq.m.)	GFA to be constructed (sq.m.)	Interests in the projects attributable to the Company
Yancheng, Jiangsu Province									
XiChengYiPin（西城逸品）	At the intersection of Xihuan Road and Qingnian Road in Yandu District, Yancheng City, Jiangsu Province, the PRC	Residential project	Completed	Completed	165,604	373,678	N/A	N/A	100%
XiChengFuDi（西城府邸）	To the north of Daqing Road and to the west of Kaichuang Road in Yandu District, Yancheng City, Jiangsu Province, the PRC	Residential project	Under construction	Fourth quarter of 2017	139,205	46,898	75,176	299,547	100%
JiuZongGou（九總溝）	To the east of Kaichuang Road in Yandu District, Yancheng City, Jiangsu Province	Residential project	To be constructed	Second quarter of 2018	89,123	N/A	N/A	277,881	100%
Chongqing									
ShuXiangYuan（書香苑）	Area C, Plot 18–7/02, Yu Zhong Zu Tuan, Yu Zhong District, Chongqing, the PRC	Residential project	Completed	Completed	11,804	52,678	N/A	N/A	90%
TongJingYueCheng（同景躍城）	To the east of Yudong Street and Dajiang Road in Banan District, Chongqing, the PRC	Residential project	Under construction	Second quarter of 2016	51,172	146,617	60,407	N/A	90%
Nanjing									
ZhuGong（諸公）	To the south west of Yu Hua Tai Scenic Area, Yu Hua Tai District, Nanjing, Jiangsu Province, the PRC	Residential project	Under construction	Fourth quarter of 2015	49,220	N/A	96,298	N/A	80%
Total					506,128	619,871	231,881	577,428	
Attributable to the Company					489,986	599,942	206,581	577,428	

Progress of property development for the JiuZongGou land parcel（九總溝地塊）in Yancheng, Jiangsu, the PRC

As of the date of this report, the Group's development of the JiuZongGou land parcel（九總溝地塊）located at east of Kaichuang Road in Yancheng, Jiangsu is still in the preliminary planning stage. The development will mainly consist of highrise apartment buildings with commercial ancillary facilities and a kindergarten. The Group expected phase 1 construction of the project will commence in the first half year of 2015.

Projects held for future development

As of 31 December 2014, there was no addition of project held for future development.

As at 31 December 2014, the Group had projects held for future development as follows:

XiChengFuDi（西城府邸）: XiChengFuDi（西城府邸）occupies a total site area of approximately 139,205 sq.m. and is expected to have an aggregate GFA of approximately 421,621 sq.m. and an aggregate saleable area of approximately 415,048 sq.m. (including storerooms) upon completion. As of 31 December 2014, the project has an aggregate GFA of approximately 299,547 sq.m. held for future development.

JiuZongGou Land Parcel（九總溝地塊）: The Group wholly owned a parcel of land at JiuZongGou Yancheng with a total site area of approximately 89,123 sq.m., which is held for future development. As of 31 December 2014, the project has an aggregate GFA of approximately 277,881 sq.m. held for future development.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased from approximately RMB859,393,000 in Year 2013 to approximately RMB643,793,000 in Year 2014. If excluding the revenue generated from green building services, the newly acquired segment, of approximately RMB12,553,000 in Year 2014, the revenue generated from property sales for the Year 2014 decreased approximately RMB228,153,000 or approximately 27% over last year. Since only remaining stocks of XiChengYiPin（西城逸品）project were sold in this year, which were mainly delivered and recognised revenue in last year, the total delivered GFA of the Group's properties decreased from approximately 156,987 sq.m. in Year 2013 to approximately 107,330 sq.m. in Year 2014. The average selling price increased from approximately RMB5,474 per sq.m. in Year 2013 to approximately RMB5,881 per sq.m. in Year 2014, and such increase in the average selling price per unit was mainly due to the delivery of more properties of ShuXiangYuan（書香苑）in Year 2014 with higher selling price per sq.m..

Cost of sales

The cost of sales of the Group decreased approximately 18% from approximately RMB627,327,000 in Year 2013 to approximately RMB514,170,000 in Year 2014. If excluding the costs of green building service, the newly acquired segment, of approximately RMB12,085,000 for Year 2014, the cost of sales of properties for the whole year decreased approximately RMB125,242,000 or approximately 20% over last year. Such decrease in costs was mainly due to the decrease of 31% in the area of properties delivered in Year 2014 as compared with last year. The decrease in total costs was less than the decrease in the area of properties delivered, which was mainly due to higher unit cost for projects such as XiChengFuDi（西城府邸）, Section Two of Phase Three of XiChengYiPin（西城逸品三期二標）and ShuXiangYuan（書香苑）delivered in Year 2014.

Gross profit and gross profit margin

Due to the foregoing, the overall gross profit of the Group decreased approximately 44% from approximately RMB232,066,000 in Year 2013 to approximately RMB129,623,000 in Year 2014.

The gross profit margin for the new green building services segment was approximately 4% in Year 2014, and the gross profit margin for sales of properties decreased from 27% for the same period of last year to approximately 20% in Year 2014, which was mainly due to the lower gross profit margin for XiChengFuDi（西城府邸）that commenced delivery in Year 2014 and thus dragged down the average gross profit margin for the year.

Other income

Other income increased approximately 272% from approximately RMB2,307,000 in Year 2013 to approximately RMB8,580,000 in Year 2014. The other income included the waiver of interests on the convertible bonds of approximately RMB2,922,000, other interest income of approximately RMB2,887,000 and sub-letting income of approximately RMB1,262,000 in Year 2014 whereas the other income in Year 2013 mainly included bank interest income of approximately RMB1,902,000.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased approximately 26% from approximately RMB29,858,000 in Year 2013 to approximately RMB22,241,000 in Year 2014, which was mainly due to certain new projects under the property development segment, such as TongJingYueCheng（同景躍城）Phase II and XiChengFuDi（西城府邸）that were formally launched into the market in Year 2013, such that the promotional activities were enhanced in that year, resulting in higher selling expenses in Year 2013. Although the newly acquired project ZhuGong（諸公）was launched in Year 2014, the costs incurred before acquisition had not been reflected in the selling expenses of the Group. Accordingly, selling expenses of the Group in Year 2014 were relatively less than those when compared with the previous year.

Administration expenses

Administrative expenses of the Group increased approximately 91% from approximately RMB25,816,000 in Year 2013 to approximately RMB49,378,000 in Year 2014. The increase in administration expenses was mainly due to the remuneration expenses of new employees recruited by the Group and professional charges incurred for the acquisition projects in this Year 2014 after resumption of trading of the Company in December 2013.

Gain on bargain purchase recognised in acquisition of a subsidiary

On 15 October 2014, the Group completed the acquisition of the 80% equity interest of a property development company in the PRC with a consideration of RMB500,000,000. As the fair value of the identified net assets is higher than the purchase consideration, the Group recorded a gain on bargain purchase in acquisition of a subsidiary of approximately RMB237,978,000. There was no similar acquisition gain in Year 2013.

Fair value loss on convertible bonds

For Year 2014, the Group incurred a loss of approximately RMB1,360,118,000 on fair value assessment of convertible bonds, which was the non-cash accounting loss incurred as a result of the change in the fair value of the convertible bonds in the principal amount of HK$500,000,000 during Year 2014. As the convertible bonds was fully converted into the ordinary shares of the Company successively in Year 2014, hence, the Group will no longer need to record the change in the fair value in respect of such convertible bonds.

Management Discussion and Analysis

For Year 2013, the Group incurred a loss of approximately RMB292,866,000 on fair value assessment of convertible bonds, which was due to the non-cash accounting loss incurred as a result of the change in fair value of the convertible bonds in the principal amount of HK$500,000,000 during the period from the completion of subscription on 12 December 2013 to 31 December 2013.

Finance costs

For Year 2014, the Group incurred finance costs of approximately RMB3,035,000, which mainly comprised of the interests accrued at 2% per annum for the convertible bonds in the principal amount of HK$420,000,000, the interest of which was waived, before the date of wavier (i.e. 18 June 2014) and the interest paid at 2% per annum for the convertible bonds in the principal amount of HK$80,000,000, for the period from January to April 2014 before their conversion.

Loss before tax from continuing operations

Loss before tax of the Group was approximately RMB1,058,591,000 in Year 2014. If excluding the loss on change in fair value of convertible bonds of approximately RMB1,360,118,000 and the gain on bargain purchase recognised in acquisition of a subsidiary of approximately RMB237,978,000, the profit before tax was approximately RMB63,549,000. In Year 2013, the loss before tax of the Group was approximately RMB113,255,000. If excluding the loss on the change in fair value of convertible bonds of approximately RMB292,866,000 in that year, the profit before tax was approximately RMB179,611,000. The profit before tax decreased by approximately RMB116,062,000, which was mainly due to property area delivered and gross margin in Year 2014 was lower than last year.

Taxation

For Year 2014, PRC Land Appreciation Tax ("LAT"), PRC Enterprise Income Tax ("EIT") and deferred tax income of the Group amounted to approximately RMB25,329,000, approximately RMB31,182,000 and approximately RMB12,243,000 respectively. When compared with Year 2013, LAT expense decreased by approximately RMB25,348,000 and EIT expense decrease by approximately RMB5,893,000. The decrease in LAT expense was mainly due to certain low value added and lower gross profit property projects delivered during the year. In addition, the reduction in EIT provision for the year was mainly due to the decrease in the Group's profit derived from property sales.

Loss for the year from discontinued operation

For Year 2014, the Group did not record any loss for the year from discontinued operation. The Group recorded a loss of approximately RMB32,042,000 in Year 2013 which was mainly due to the goodwill impairment from the reverse takeover transaction.

Loss for the Year

For Year 2014, the Group recorded a net loss of approximately RMB1,102,859,000. If excluding the loss on change in fair value of convertible bonds of approximately RMB1,360,118,000 and the gain on bargain purchase recognised in acquisition of a subsidiary of approximately RMB237,978,000, the net profit for the year is approximately RMB19,281,000. For Year 2013, the Group recorded a net loss of approximately RMB233,380,000. If excluding the loss on change in fair value of convertible bonds of approximately RMB292,866,000 and the impairment loss of goodwill of approximately RMB32,042,000 recorded in discontinued operation, the net profit for the year was approximately RMB91,528,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations and investments mainly by internally generated funds, proceeds from placing of the shares of the Company and borrowings.

Cash position

As at 31 December 2014, the Group had cash and bank balances of approximately RMB251,082,000 (31 December 2013: approximately RMB116,358,000), representing an increase of approximately 116% from 31 December 2013.

Bank and other borrowings

As at 31 December 2014, the Group had bank and other borrowings of approximately RMB757,190,000, including bank loans of approximately RMB199,690,000 and other borrowings of approximately RMB557,500,000. All borrowings are repayable within one year. As at 31 December 2013, the Group had bank and other borrowings of approximately RMB270,000,000, including bank loans of approximately RMB180,000,000 and other borrowings of approximately RMB90,000,000. As at 31 December 2014, the borrowings increased by approximately RMB487,190,000 as compared with last year, the balance of the year mainly included the borrowings of approximately RMB479,690,000 from the newly acquired subsidiary.

Convertible bonds

As at 31 December 2014, all of the Group’s convertible bonds in the principal amount of HK$500,000,000 have been converted into shares of the Company. As at 31 December 2013, the fair value of the Group’s convertible bonds in the principal amount of HK$500,000,000 was approximately RMB683,247,000.

Leverage

The Group had total cash and bank balances of approximately RMB251,082,000 as at 31 December 2014 (2013: approximately RMB116,358,000). Balances of bank and other borrowings, amount due to a shareholder, consideration payables, corporate bond and convertible bonds were approximately RMB972,852,000 as at 31 December 2014 (2013: approximately RMB953,247,000). The gearing ratio of the Group as at 31 December 2014, calculated as a ratio of total bank and other borrowings, amount due to a shareholder, consideration payables, corporate bond and convertible bonds to total assets, was approximately 31% (2013: approximately 65%). Net assets were approximately RMB1,458,398,000 (2013: net liabilities of approximately RMB194,745,000).

The Group recorded total current assets of approximately RMB2,793,443,000 as at 31 December 2014 (31 December 2013: approximately RMB1,456,999,000) and total current liabilities of approximately RMB1,641,860,000 (31 December 2013: approximately RMB861,664,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 1.7 as at 31 December 2014 (31 December 2013: approximately 1.7).

FOREIGN EXCHANGE EXPOSURE

Sales and purchases of the Group were transacted in Renminbi. Save for the bank balance and cash of approximately RMB75,066,000 as at 31 December 2014 (31 December 2013: convertible bonds in the principal amount of HK$500,000,000) denominated in Hong Kong dollar, most of the Group's assets and liabilities were denominated in Renminbi. The directors of the Company are aware that the fluctuations in exchange rate between Hong Kong dollar and Renminbi may give rise to potential foreign currency risk. The Group currently did not have a foreign currency hedging policy and will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

TREASURY POLICIES

As at 31 December 2014, save for the borrowings of RMB485,000,000 of the Group were denominated in Renminbi and with a fixed interest rate and corporate bond of approximately RMB7,089,000 was denominated in Hong Kong dollar with a fixed interest rate (31 December 2013: convertible bonds in the principal amount of HK$500,000,000 were denominated in Hong Kong dollar and bear interest at fixed rate), the Group's other borrowings were mainly denominated in Renminbi and bear interest at variable interest rates. Bank balances and cash held by the Group were denominated in Renminbi and Hong Kong dollar. The Group currently did not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 31 December 2014 are set out in note 43 to the consolidated financial statements.

INVESTMENT

Details of the Group's investment property as at 31 December 2014 are set out in note 19 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 15 October 2014, the Group completed the acquisition of the 80% equity interests in Nanjing Tianyun Real Estate Development Company Limited*（南京天韻房地產開發有限公司）, at a total consideration of RMB500,000,000. Details were set out in the announcement and circular of the Company dated 5 September 2014 and 25 September 2014 respectively.

On 15 December 2014, the Group completed the acquisition of the entire equity interests in Fullshare Lujian and its subsidiary, at a total consideration of RMB200,000,000. Details were set out in the announcements of the Company dated 20 November 2014 and 12 December 2014.

The Company confirms that it has complied with all the disclosure requirements under Chapter 14 of the Listing Rules.

In Year 2014, save as disclosed in this annual report, the Group did not have any material acquisition or disposal of subsidiaries, associates or assets.

SEGMENT INFORMATION

Details of segment information of the Group for Year 2014 are set out in note 9 to the consolidated financial statements

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 31 December 2014 are set out in note 42 to the consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2014 are set out in note 44 to the consolidated financial statements.

Management Discussion and Analysis

STAFF AND REMUNERATION POLICIES

As at 31 December 2014, the Group had about 189 employees (2013: 106 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB24,324,000 for Year 2014 (2013: RMB14,112,000). Employee remunerations are determined according to operating results of the Company, job requirements, market salary standard and staff's personal competence. The Group regularly reviews its remuneration policy and programs and makes adjustment to bring them in line with industrial level. In addition to basic salaries, the Company has established revenue sharing program and performance appraisal plan to provide rewards according to the Company's results and employees' individual performance.

SUBSEQUENT EVENTS

Details of the subsequent events of the Group for Year 2014 are set out in note 49 to the consolidated financial statements.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Group's interim and annual reports and financial statements. The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for Year 2014. The audit committee of the Company currently comprises three independent non-executive directors of the Company.

PROSPECT

In year of 2014, despite a slowdown in China's economic growth due to its economic transformation, the market-oriented reform approach will facilitate effectively its economic development and enhance city competitiveness, especially those provincial and regional cities. It is expected that China's property market development depended on the individual city's potential ability. As such, the Group has decided to develop the property markets in Nanjing, Jiangsu and its peripheral cities where the population net inflow is significant and economic structures are sound. By benefiting from the improvement in city competiveness, the Group will benefit the opportunities brought by urban development.

According to the government's policy plan,

- In year of 2014, China had invested over RMB4.0 billion in building energy-saving industry;
- In year of 2014, the affordable housing in the municipalities, municipalities under plan and provincial capital cities had implemented green building standards comprehensively;

- In year of 2015, new buildings in cities and towns in Jiangsu Province have to be designed and constructed according to the Star One or above green building standards comprehensively;

- By the end of 2015, 20% of the buildings in cities and towns have to attain green building standards;

- In year of 2017, new affordable housing in the prefecture-level cities in Eastern Region and the key prefecture-level cities in Central and Western Region will fully implement the green building standards;

By year of 2020, the proportion of green buildings to new buildings in urban regions in China will increase to 50%, and the proportion of green building standard to be constructed for urban affordable housing will be over 70%. Jiangsu Province will implement the green building design standard for new buildings for civil use from 2015. The market prospect relevant to the construction, operation and all-round service sectors for green building and green urban is tremendous. On the other hand, as an emerging service industry, the health industry is considered internationally as "The Fifth Wave of Wealth" with tremendous development potential.

Therefore, the Group has facilitated its diversification development actively, by combining its existing real estate business, expand its business into the construction and service sectors for green building and green urban using the light-asset model, and health management service sector, including the EPC (Engineering-Procurement-Construction) and EMC (Energy Contract Management) services for green buildings, communities and urban regions, and healthcare medical and elderly caring and health life services so as to achieve a higher and faster development.

In future, the Group will fully leverage on market conditions, on one hand, the Group will facilitate the stable property development, and while on the other hand, the Group will speed up the development of green buildings, green urban and health industry, balance its business structure, enhance product quality and increase its profitability. The Group will accelerate inventory sell out, enhance cost management and procure its gross profit margin to reach a healthy level. The Group will continue to adopt the sound financial management policy of "keeping expenses within its income", leverage on equity financing while lower down debt financing level, plan and arrange investment and operational income and expenses rationally, optimize financial structure and enhance financial security.

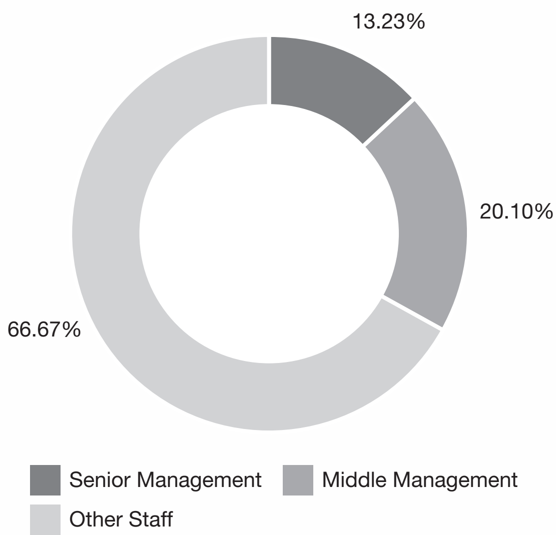
Environmental, Social and Governance Report

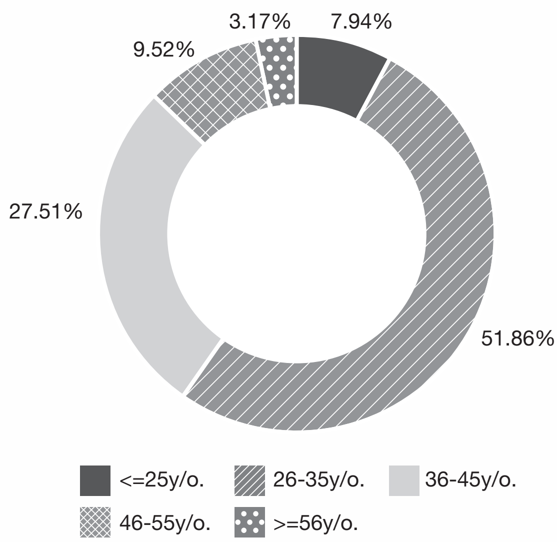
PHILOSOPHY

Upholding the cultural philosophy of "growing business and sharing profits together, working joyfully and living healthily", the Group endeavours to provide staff with a happy working environment, maintain a steady business development. The Group believes that working conditions, environmental protection and business operation were the three main focuses of the Group in the 2014 Environmental, Social and Governance Report.

WORKING CONDITIONS

The business locations of the Group are located in different provinces and cities in the PRC and in Hong Kong. As at 31 December 2014, the Group employed a total of 189 staff, of which 177 staff are employed in Mainland China and 12 Staff are employed in Hong Kong, and their position and age distributions are as follows:–





The Group provides staff with harmonious and happy working environment, with every staff being respected and fairly treated in works. Hence, the Group formulated "Human Rights Policy（人權政策）", "Personal Data (Privacy) Policy（個人資料（私隱）政策）" and "Anti-discrimination Policy（反歧視政策）" to enable every staff to work under more harmonious and equitable working conditions. In addition, the Group also set up "Code of Business Ethics and Conduct（商業行為及道德準則）", striving to advocate integrity, moral and quality character, and focusing on staff occupational ethics. To facilitate every staff to become the leading role model in integrity and self-discipline, each staff shall require to sign the "Diligent and Honest Undertaking Letter（勤政廉潔承諾書）".

Staff Welfare

The Group formulated competitive remuneration package and welfare policies to attract and motivate talents. Based on the "Remuneration and Welfare Management System（薪酬福利管理規定）" and "Performance Appraisal Management System（績效考核管理規定）", the Group determines staff remuneration based on those factors such as the operation results of the Group, job requirements, market salary standard and staff's personal competence. The Group regularly reviews the "Remuneration and Welfare Management System（薪酬福利管理規定）" and makes necessary adjustments to conform to industry remuneration standard, so as to achieve co-development and growth between staff and the Group.

Environmental, Social and Governance Report

Based on the requirements of local government applicable laws and regulations where our businesses are located, the Group participates in various employee welfare plans set up by the governments, which include housing provident fund, pension, medical, maternity and unemployment welfare plans. According to the local government regulations, the Group contributes to the employee welfare plans based on the specific percentage of staff's salaries, bonuses and eligible allowances, with the highest contribution amount being the amount specified by respective local governments. The Group did not have any material infringement on any applicable laws and regulations in 2014 financial year.

Staff Training and Development

The Group endeavours to offer quality development platform and sound growing environment to staff in establishing the healthy cultural sentiment. The Group enhances staff's knowledge in occupational skills, professional information and internal systems through organising various training activities. The Group also encourages communications across businesses, departments and locations within the Group, with the aim to share experiences, knowledge and mutual learning among the staff.

In 2014, the Group's product management centre, legal department, internal audit department and finance department organised various staff trainings. Every year, the Group conducts regular professional knowledge and internal training for preventing irregularities. Departments also conduct non-scheduled training activities should there be policies or rules amendments. For example, in 2014, the Group provided each of relevant management personnel a total of 29 hours of training course on regulatory requirements, compliance and management in ongoing operation for listed company, and a total of 270 person-time participated in these training courses. To maintain the professionalism of its staff, apart from encouraging self-training and continuing education, each department also set up "Training Management System（培訓管理制度）", such as requiring general financial staff to reach no less than 48 hours of training every year.

The Group also holds different kinds of cultural activities for staff, providing communication opportunities among staff and enhances team spirits. In 2014, the Group arranged domestic and overseas team-building tours and other fraternity activities to achieve a balanced physical and mental development for its staff.

Occupational Health and Safety

The Group complies with the labour and safety laws and regulations in the PRC, which provides safety facilities and ensures that sufficient preventive measures are in place for staff in performing their works. The Group also formulated "Safety Management System（安全管理規定）", so as to set up the safety production responsibility system, while entering into a construction contract with a contractor in construction or real estate development, the contractor is required to enter into a safety production responsibility contract. Furthermore, the Group also conducted the safety technology education for departments to raise their safety and prevention consciousness. The Group did not have any significant labour litigation and claim in the financial year of 2014.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION

In 2014, the Group places strong emphasis in identifying suitable business expansion opportunities to involve in investment, construction, management, operation and services related businesses regarding green building and green cities sectors. It is the Group's strategy to integrate environmental protection and energy saving ideas of green building into the projects through building quality properties, with a view to build energy-saving, environmental-friendly and healthy environment so as to achieve a green society. During the year, the Group set up the new business segment "Green Building Services", and planned to expand its principal business activities into green building, green urban EPC (Engineering-Procurement-Construction), EMC (Energy Management Contract) services, provide customers solutions including green building design, green real estate development, green energy-saving technology, building energy management and etc., focus on implementation of concept of green building.

In order to protect and improve the living environment and ecological environment, and prevent operational pollution from the construction works, the Group also set up a "Construction Work Environment Management System (施工環境管理制度)" immediately after the setting up of the new business segment of "Green Building Services", which strictly implements measures to prevent air pollution, water pollution and noise pollution from the construction work and safeguard the nearby community of the construction site and the health of the workers.

The Group is in compliance with various environmental rules and regulations, such as environmental protection laws and regulations governing real estate development in the PRC, including the "Environmental Protection Law of the People's Republic of China"(中華人民共和國環境保護法), the "Environmental Noise Pollution Prevention Law of the People's Republic of China"(中華人民共和國環境噪音污染防治法), the "Environmental Impact Assessment Law of the People's Republic of China"(中華人民共和國環境影響評價法) and the "Regulations Governing Environmental Protection in Construction Projects"(建設項目環境保護管理條例). It has obtained the required licences and environmental protection approvals for all property development projects. Each property development project is required to conduct an environmental assessment. For the year ended 31 December 2014, the Group incurred expenses of approximately RMB103,000 for compliance with applicable environmental rules and regulations in the PRC.

Each of the Group's property development projects is complied with the planning and design conditions including building height, plot ratio, and green area set by the competent urban planning department according to the required control standards. XiChengFuDi (西城府邸), one of the residential development projects of the Group in Yancheng City, the PRC, is mainly comprised various blocks of high-rise apartment buildings with retail facilities and a kindergarten. The project has a site area of approximately 139,205 sq.m.. The expected total gross floor area upon its completion is approximately 421,621 sq.m., which comprises 22 blocks of French-style high-rise buildings, thus constituting a large community of about 3,100 households. XichengFuDi comprises of a French-style landscape park with an aggregate site area of over 68,000 sq.m. while the overall greening construction cost of the project was approximately RMB32,900,000, which lead the greening coverage of the project reached to about 50%, and thereby provide a high greening quality residential community.

The Group was in the process of acquiring a property development company in the PRC at the end of 2014 and such acquisition was completed on 19 January 2015. "FengShengShangHui (豐盛商匯)", the project under that company, is a commercial building project that has obtained the US LEED Golden Dual Certification (美國LEED金級雙認證) and the Certificate of Green Building Design Label – Triple Star Grading in China (中國三星級綠色建築設計標識證書), the highest grade certification for green building in the PRC.

"FengShengShangHui（豐盛商匯）" is the first-ever domestic innovative PM2.5 removal system to cope with hazy weather through the Fresh Air System（新風系統）, which will greatly enhance the overall project quality. In addition to introducing new energy technologies such as ground source heat pump（地源熱泵）and comprehensive utilization of rainwater engineering, in particular, the project introduces the PM2.5 treatment system, and through integrating the highly efficient PM2.5 treatment device into the Fresh Air System（新風系統）, the indoor fresh air elimination rate of PM2.5 will be over 99%, thus creating healthy interior environmental quality.

BUSINESS OPERATIONS

The development process for the real estate development projects of the Group generally comprises city and site selection, land acquisition, project design and planning, project financing, construction, quality control and construction project supervision, sales and marketing, delivery and after-sales services.

Quality control

The Group focuses on quality control of its real estate development projects. The Group conducts relentless important measures and procedures that are relevant to quality control:

- Construction contracts that are entered into with construction contractors generally provide warranties regarding the quality of respective construction projects and the completion time;
- Comply with the relevant law and regulations in the PRC, the Group engages certified construction supervision companies to supervise project construction. These construction supervision companies conduct on site quality and safety monitoring inspection for all materials used and technology implemented, and supervised the construction progress, site safety and works schedule;
- Require that construction contractors must use the designated brands for the principal construction materials or equipment or procure such construction materials and equipment from designated qualified suppliers; and
- Conduct on-site inspection for all construction materials purchased.

Suppliers Management

The Group outsources all property development construction projects to building contractors in the PRC. The Group has established the "Suppliers Management Policy（供貨商管理辦法）", "Tender Management Regulations（招標管理規定）", "Non-tender Category Purchasing Management Policy（非招標類採購管理辦法）" to regulate the suppliers and contractors selection and management procedures. Before selecting suppliers and contractors, the Group will send an investigation form to every potential supplier and contractor for filling in. The form is carefully designed form to evaluate the technology and quality of the product and service, professional qualifications, reputation and historical records of suppliers and contractors, and their overall performance.

Environmental, Social and Governance Report

PROSPECT

In 2015, the Group will continue to create better working conditions and put more resources to create a community environment for every stakeholders, such as employees, business partners, shareholders and society, with the vision of sustainable development. The Group will mainly focus on the consultation and design of green building, green building and energy saving engineering, construction energy management and health industry development in the future. To further promote the concepts of environmental protection and health regimen, the Group will provide energy-saving diagnosis, transformation, construction and health management services in one of its green building service projects, "Hainan Boao Happy Island International Medical & Tourism Pilot Zone*（海南博鰲樂城國際醫療旅遊先行區）", by which the Group will fully leverage on and apply the techniques of green building and low-carbon energy saving and environmental protection, in order to establish a model for low-carbon low-emission ecological environment.

The Group is going to formulate a comprehensive data collection and reporting system to strengthen the analysis of energy consumption and the impact of green building on the environment in order to fully promote our target on environmental and social concerns.

Corporate Governance Report

CORPORATE GOVERNANCE CODE

Fullshare Holdings Limited (the "Company") is committed to maintain a high standard of corporate governance. It believes that high standard of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (collectively, the "Group") to manage business risks, enhance transparency, maintain high standard of accountability and protect interests of shareholders of the Company (the "Shareholders") and other stakeholders.

The Company has complied with the Code Provisions of the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2014 except for the following deviations:

1. **Code Provision A.2.1**

   Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, the positions of chairman and chief executive officer of the Company ("CEO") were held by Mr. Ji Changqun ("Mr. Ji"). The board of directors (the "Directors") of the Company (the "Board") believed that holding of both positions of chairman and CEO by the same person allowed more effective planning and execution of business strategies. The Board has full confidence in Mr. Ji and believes that his dual roles will be beneficial to the Group.

2. **Code Provision A.4.1**

   Non-executive Directors should be appointed for specific term, subject to re-election. The independent non-executive Directors ("INEDs") were not appointed for a specific term, but they were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company (the "Articles of Association") at least once every three years.

3. **Code Provision E.1.2**

   Under the Code Provision E.1.2, the chairman of the Board shall attend the annual general meeting. Mr. Ji, the chairman of the Board, was absent from the annual general meeting ("AGM") of the Company held on 11 April 2014 due to other business engagement. Mr. Shi Zhiqiang, the executive Director, was elected as the chairman of the AGM to ensure effective communication with Shareholders at the AGM.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board currently consists of a total of nine Directors, comprising four executive Directors, two non-executive Directors and three INEDs. The composition of the Board during the year and up to date of this report were:

Executive Directors

Mr. Ji Changqun *(Chairman and CEO)*	
Mr. Shi Zhiqiang	
Mr. Wang Bo	(appointed on 10 September 2014)
Mr. Fang Jian	(appointed on 24 December 2014)
Mr. Zhou Yanwei	(resigned on 31 March 2015)

Non-executive Directors

Mr. Eddie Hurip	(re-designated from executive Director to non-executive Director on 31 March 2015)
Mr. Chen Minrui	(appointed on 31 March 2015)

INEDs

Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

None of the existing Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other existing Director.

The Board is responsible for approving and monitoring the Group's strategies, policies and business plans, evaluating the performance of the Group and supervising the work of management. The management of the Company is responsible for the daily operations and administration of the Group.

Board Meetings

During the year ended 31 December 2014, the Company held thirty five board meetings, the AGM on 11 April 2014 and two extraordinary general meetings on 20 October 2014 and 17 December 2014. The following is the attendance record of the Directors in the aforesaid meetings:

Directors	Attendance/number of meetings held during the year of 2014 Board meetings	Annual General Meeting	Extraordinary General Meetings
Executive Directors			
Mr. Ji Changqun	27/35	0/1	0/2
Mr. Shi Zhiqiang	33/35	1/1	2/2
Mr. Wang Bo	17/17 (Note 1)	N/A (Note 3)	1/1 (Note 1)
Mr. Fang Jian	0/1 (Note 2)	N/A (Note 3)	N/A (Note 3)
Mr. Eddie Hurip (Note 4)	33/35	1/1	2/2
Mr. Zhou Yanwei (Note 5)	27/35	0/1	0/2
INEDs			
Mr. Chow Siu Lui	27/35	1/1	2/2
Mr. Lau Chi Keung	25/35	1/1	2/2
Mr. Tsang Sai Chung	27/35	1/1	2/2

Notes:

1. Mr. Wang Bo was appointed on 10 September 2014.
2. Mr. Fang Jian was appointed on 24 December 2014.
3. No general meeting was held since the appointment date of the Directors.
4. Mr. Eddie Hurip was re-designated from executive Director to non-executive Director on 31 March 2015.
5. Mr. Zhou Yanwei resigned as executive Director on 31 March 2015.

Corporate Governance Report

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules that requires every board of directors of a listed issuer must include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

The INEDs were not appointed for specific terms but were subject to retirement by rotation and re-election in accordance with the Articles of Association at least once every three years.

The Company provides Directors with directors' liability insurance coverage to protect them from loss as a result of any legal proceeding against the Company.

The posts of the CEO and chairman are both held by Mr. Ji. The reasons have been explained in paragraph 1 on page 25 of this annual report.

Professional Continuous Development of Directors

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his appointment to ensure he has a proper understanding of the Company's operations and business and full awareness of his/her responsibilities under the Listing Rules, legal and other regulatory requirements, and especially the Company's business and governance policies. The Company Secretary facilitates the induction and professional development of Directors.

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. According to the training records provided to the Company by the individual Directors, the Directors have read regulatory updates and/or attended external seminars and programmes with appropriate emphasis on the roles, functions and duties of a director of a listed company during the year.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 1 September 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measureable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The nomination committee of the Company (the "Nomination Committee") will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company.

A copy of the Board Diversity Policy has been published on the Stock Exchange's website for public information.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 18 January 2006. The members during the year were:

Mr. Lau Chi Keung *(Chairman)*
Mr. Ji Changqun
Mr. Tsang Sai Chung

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and making recommendations to the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management of the Company. No Directors can determine their own remuneration package.

The terms of reference of the Remuneration Committee, which described its authority and duties, are available on the Company's website.

During the year, the Remuneration Committee held three meetings. Matters considered at the meeting included revision of the compensation payable to all Directors and senior management of the Group and recommendation to the Board on the Group's remuneration policy and structure. The attendance of each member at the Remuneration Committee meetings held in 2014 is set out as follows:

Members	Attendance of Meetings
Mr. Lau Chi Keung	1
Mr. Ji Changqun	3
Mr. Tsang Sai Chung	3

Remuneration payable to senior management (excluding Directors) for the year ended 31 December 2014 is set out below:

Remuneration bands	Number of persons
Nil to HK$1,000,000	2
HK$1,000,000 to HK$2,000,000	1

Directors' emoluments comprise payments to Directors by the Group in connection with the management of the affairs of the Group and other benefits. The amounts paid to each Director for the year ended 31 December 2014 are shown in note 15 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was formed to review and supervise the financial reporting process and internal control of the Company. The Audit Committee currently comprises three INEDs and one member possesses the appropriate professional qualifications, business and financial experience and skills. The members during the year were:

Mr. Chow Siu Lui *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determine is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

During the year, the Audit Committee held three meetings. Matters considered at the meetings included review of the Group's 2014 annual and interim results, the fees for engaging the external auditors to provide the audit for the relevant years, the independence of the external auditors, the Company's financial control, internal control and risk management system. The attendance of each member at the Audit Committee meetings held in 2014 is set out as follows:

Members	Attendance of Meetings
Mr. Chow Siu Lui	3
Mr. Lau Chi Keung	3
Mr. Tsang Sai Chung	3

NOMINATION COMMITTEE

The Nomination Committee was established on 9 November 2012. Its members during the year were:

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

The Nomination Committee is responsible for establishing formal procedures for the appointments of new Directors and re-nomination and re-election of Directors. In nominating candidates for appointment of Directors, the Nomination Committee will consider their necessary expertise and experience as well as the Board Diversity Policy.

The term of reference of the Nomination Committee, which described its authority and duties, are available on the Company's website.

During the year, the Nomination Committee held three meetings. Matters considered at the meeting included the revision of the structure, size and composition of the Board, qualifications for all Directors and senior management of the Group and independence of the INEDs. The attendance of each member at the Nomination Committee meetings held in 2014 is set out as follows:

Members	Attendance of Meetings
Mr. Ji Changqun	3
Mr. Lau Chi Keung	1
Mr. Tsang Sai Chung	3

COMPANY SECRETARY

The company secretary of the Company, Ms. Seto Ying, undertook not less than 15 hours of relevant professional training during the year ended 31 December 2014.

AUDITORS' REMUNERATION

The fees paid to SHINEWING (HK) CPA Limited ("SHINEWING"), the external auditor of the Company, for audit and non-audit services for the year ended 31 December 2014 amounted to approximately RMB1,118,121 (2013: RMB765,147) and approximately RMB1,559,913 (2013: RMB2,286,071) respectively.

In considering the appointment of external auditors, the Audit Committee has taken into consideration the future development of the Company, the relationship of the external auditors with the Company and their independence in the provision of non-audit services. Based on the results of the reviews and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint SHINEWING as the external auditors of the Company for the year 2015, subject to approval by the Shareholders at the forthcoming 2015 annual general meeting of the Company to be held on 14 May 2015. There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee within one year commencing on the date of his ceasing to be a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

INTERNAL CONTROL

The Board has, through the Audit Committee, conducted interim and annual reviews of the effectiveness of the Group's internal control system covering the financial, operational, compliance and risk management functions. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

In order to improve the Group's internal controls, the Company has engaged RSM Nelson Wheeler Consulting Limited ("RSM") to perform a review of the procedures, systems and controls for the Group. RSM has submitted its internal control review reports for the Group to the Audit Committee and the Board in August 2014 and March 2015. Findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. The Board considered the Group's internal control system to be effective and adequate, and to further enhance the internal control effectiveness, the Company has implemented an ongoing internal control review plan by engaging RSM for the coming year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the year ended 31 December 2014. The Directors ensure that the audited consolidated financial statements of the Group for the year ended 31 December 2014 have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

A report of the independent auditor of the Group is set out in pages 43 to 44 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Shareholders' communication policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

Following the change of the Company's name, a new Company's website at www.fullshare.com has been launched with more comprehensive information which enhances the transparency and communication effectiveness between the Company, the Shareholders and the investment community. The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.fullshare.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;

(iv) Annual general meeting and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management;

(v) the Company's share registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;

(vi) Shareholders and the investment community may at any time make a request to the company secretary or the investor relations contacts of the Company in writing for the Company's information to the extent such information is publicly available. The contact details are set out in the "Enquiry Form" under the "Contact Us" section and in the "IR Enquiries" under the "Investor Relations" section of the Company's website at www.fullshare.com; and

(vii) Publicly available news and information about the Company can also be sent to Shareholders who have subscribed to the service on the Company's website.

The notice to Shareholders is to be sent in the case of an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered not less than 20 clear business days before the meeting. All other extraordinary general meetings may be called by not less than 10 clear business days' notice. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the company secretary of the Company, of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionist(s) shall convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Procedures for Proposing a Person for Election as a Director

Shareholders may by ordinary resolution elect any individual ("Candidate") to be a Director. Candidate for election is proposed by separate resolutions put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of Association, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedure:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.

2. Obtain a notice signed by the Candidate stating his willingness to be elected.

3. Both notices, completed in accordance with Rule 13.51(2) of the Listing Rules, are to be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.

4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notice shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is 7 days before the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the company secretary of the Company whose contact details are set out in the "Contact Us" section of the Company's website at www.fullshare.com.

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

During the year, the Company has not made any changes to its Memorandum and Articles of Association. The updated version of the Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

Report of the Directors

The board (the "Board") of directors (the "Directors") of Fullshare Holdings Limited (the "Company") presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group are green building, green urban EPC (Engineering-Procurement-Construction), EMC (Energy Management Contract) services and property development in the People's Republic of China (the "PRC").

Details of the principal activities of the Company's subsidiaries are set out in note 46 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2014 and 2013 were as follows:–

	2014	2013
	RMB'000	RMB'000
Share premium	**737,703**	118,978
Contributed surplus	**82,603**	82,603
Retained profits/(Accumulated losses)	**–**	(506,365)
Total	**820,306**	(304,784)

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to shareholders of the Company subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The articles of association of the Company (the "Articles of Association") provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and retained profits.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the year ended 31 December 2014 are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 35(b) to the consolidated financial statements.

FUND RAISING ACTIVITIES

On 7 November 2014, the Company entered into a placing agreement with Guotai Junan Securities (Hong Kong) Limited ("Placing Agent"), pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 680,000,000 placing shares at the placing price of HK$0.45 per placing share to placees on behalf of the Company. On 13 November 2014, the Placing Agent has placed 680,000,000 placing shares of the Company to not less than six placees. The net proceeds after deducting the placing commission and other related expenses was approximately RMB241.28 million (equivalent to approximately HK$305.45 million), among of which, approximately RMB229.19 million (equivalent to approximately HK$290 million) was used by a wholly owned subsidiary for investment purpose pursuant to the investment contract ("Investment Construction Contract") entered into with the People's Government of Huayang Town, Jurong City, Jiangsu Province, China (Details of the investment had been announced by the Company on 26 November 2014).

On 17 December 2014, the Company entered into another placing agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to procure the placing of, on a best effort basis, up to 1,000,000,000 new shares at the price of HK$0.48 per placing share. The placing had been completed on 23 December 2014, and the Company has issued 780,000,000 new shares to not less than six places. The net proceeds after deducting the placing commission and other related expenses was approximately RMB298.36 million (equivalent to approximately HK$371.61 million), among of which, approximately RMB120.81 million (equivalent to approximately HK$152.22 million) was further invested pursuant to the Investment Construction Contract; approximately RMB50 million (equivalent to approximately HK$63 million) was used by a wholly owned subsidiary as earnest money to acquire 100% equity interest of Jiangsu Anjiali Zhiye Company Limited*（江蘇安家利置業有限公司）(Details of the acquisition were set out in the announcement dated 24 December 2014); and the remaining balance of approximately RMB127.55 million (equivalent to approximately HK$156.39 million) was used as general capital of the Group.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, there was no one single external customer contributing to over 10% of the Group's revenue and the Group's five largest customers together accounted for less than 5% of the total revenue for the year.

The Group's largest supplier and five largest suppliers together accounted for approximately 19% and 65% of the total purchases for the year respectively.

* *For identification purpose only*

Report of the Directors

At no time during the year did a Director, an associate of a Director or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) has an interest in any of the Group's five largest suppliers and customers.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Ji Changqun *(Chairman and CEO)*	
Mr. Shi Zhiqiang	
Mr. Wang Bo	(appointed on 10 September 2014)
Mr. Fang Jian	(appointed on 24 December 2014)
Mr. Zhou Yanwei	(resigned on 31 March 2015)

Non-executive Directors

Mr. Eddie Hurip	(re-designated from executive Director to non-executive Director on 31 March 2015)
Mr. Chen Minrui	(appointed on 31 March 2015)

Independent Non-Executive Directors:

Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

In accordance with the provisions of the Articles of Association, Mr. Eddie Hurip, Mr. Chen Minrui, Mr. Chow Siu Lui and Mr. Lau Chi Keung will retire by rotation and, being eligible, offer themselves for re-election in the forthcoming 2015 annual general meeting of the Company (the "2015 AGM").

Except for the service contracts for Mr. Wang Bo, Mr. Fang Jian and Mr. Chen Minrui, which have a fixed period of 3 years and can be terminated earlier by either party giving to the other not less than 3 months prior written notice and Mr. Eddie Hurip, whose service contract is effective from 31 March 2015 and shall expire on 31 December 2016 unless terminated before that date or earlier by either party giving to the other not less than 3 months prior written notice, each of executive Directors and non-executive Directors has entered into a service contract with the Company until the forthcoming general meeting of the Company after his appointment and will be eligible for re-election at that meeting. If he is re-elected, his appointment will continue unless terminated earlier by either party giving to the other not less than 3 months prior written notice. Each Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association at least once every three years.

Except for the service contracts for Mr. Wang Bo, Mr. Fang Jian and Mr. Chen Minrui, which have a fixed term of 3 years and Mr. Eddie Hurip, whose service contract is effective from 31 March 2015 and shall expire on 31 December 2016 unless terminated before that date, no other existing Directors were appointed for a specific term and none of the Directors has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the existing independent non-executive Directors an annual confirmation of his independence as required under Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and considers all the independent non-executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares ("Shares"), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

Name of Director	Name of company in which interests were held	Nature of interests	Number of issued Shares held	Percentage of the issued share capital of the Company
Ji Changqun ("Mr. Ji")	The Company	Interest of controlled corporation (Note 2)	10,143,036,404 (Note 1)	74.75%

Notes:

(1) These shares are being held by Magnolia Wealth International Limited ("Magnolia").

(2) Mr. Ji is the sole shareholder of Magnolia and is deemed to be interested in the same 10,143,036,404 Shares pursuant to the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2014.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Pursuant to the subscription agreement ("Subscription Agreement") dated 21 August 2012 entered into amongst the Company, Mr. Kan Che Kin, Billy Albert ("Mr. Kan") and Magnolia, 8,400,000,000 Shares and 1,600,000,000 Shares at HK$0.05 per Share are to be allotted and issued to Magnolia and Mr. Kan respectively upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds subscribed by Magnolia and Mr. Kan. On 24 April 2014, the 1,600,000,000 Shares, allotted and issued to Mr. Kan upon the exercise in full of the conversion rights attaching to the convertible bonds in the principal amount of HK$80,000,000 subscribed by Mr. Kan pursuant to the Subscription Agreement, were transferred to Key Fit Group Limited ("Key Fit"), a company incorporated in Hong Kong and a wholly-owned subsidiary of China LNG Group Limited (formerly known as Artel Solutions Group Holdings Limited (Hong Kong Stock Code: 0931)). On 21 June 2014, Key Fit and Magnolia entered into the conditional transfer deed in relation to the disposal of the convertible bonds in the principal amount of HK$80,000,000 to Magnolia or its designated person(s) for a cash consideration of HK$380,000,000. Such transfer was completed on 29 August 2014.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of Shares, or debentures of the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the Subscription Agreement and the acquisition of 100% equity interest in Nanjing Fullshare Dazu Technology Company Limited*（南京豐盛大族科技股份有限公司）("Nanjing Fullshare Dazu") as set out in the announcements of the Company dated 8 December 2014, 16 January 2015 and 19 January 2015 and the circular of the Company dated 30 December 2014, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year nor had there been any contract of significance which had been entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company during the year.

CONNECTED TRANSACTIONS

On 8 December 2014, Nanjing Fengli Equity Investment Enterprise*（南京豐利股權投資企業（有限合夥）, "Nanjing Fengli") and Jiangsu Province Fullshare Property Development Limited*（江蘇省豐盛房地產開發有限公司, "Jiangsu Fullshare Property"), each being an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "NFT Share Transfer Agreement") with Nanjing Fullshare Industrial Holding Group Co. Limited*（南京豐盛產業控股集團有限公司, "Nanjing Fullshare Holding") and Nanjing Xinmeng Asset Management Limited*（南京新盟資產管理有限公司, "Xinmeng Asset"), pursuant to which Nanjing Fengli and Jiangsu Fullshare Property have conditionally agreed to acquire from Nanjing Fullshare Holding and Xinmeng Asset 99% and 1% of the issued share capital in Nanjing Fullshare Dazu, respectively, and Nanjing Fullshare Holding and Xinmeng Asset have conditionally agreed to sell 99% and 1% of the issued share capital in Nanjing Fullshare Technology to Nanjing Fengli and Jiangsu Fullshare Property, respectively, at an aggregate consideration of RMB667,000,000 (equivalent to approximately HK$840,420,000) ("NFT Acquisition").

* *For identification purpose only*

As at 8 December 2014, Mr. Ji was interested in approximately 63.19% of the issued share capital in the Company. Since Mr. Ji held approximately 79.74% equity interest in Nanjing Fullshare Holding and 99.9% equity interest in Xinmeng Asset as at 8 December 2014, each of Nanjing Fullshare Holding and Xinmeng Asset was an associate of Mr. Ji and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the NFT Acquisition also constituted a connected transaction under the Listing Rules.

Details were set out in the announcements of the Company dated 8 December 2014, 16 January 2015 and 19 January 2015 and the circular of the Company dated 30 December 2014.

Save as disclosed above, there were no other connected transactions which were subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules during the year, and the Company confirms that it has complied with all the disclosure requirements under Chapter 14A of the Listing Rules.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 15 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2014, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions

Name of shareholders	Nature of interests	Number of issued Shares held	Percentage of the issued share capital of the Company
Magnolia	Beneficial owner	10,143,036,404	74.75%

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2014.

Report of the Directors

COMPETING BUSINESS

As stated in the section headed "Relationship with Controlling Shareholders" in the circular of the Company dated 28 October 2013 (the "Circular"), Mr. Ji is engaging in the development of the excluded projects through the excluded companies. Subject to the terms and save for certain exceptions set out in the non-competition undertaking (the "Non-competition Undertaking") entered into between Mr. Ji and Magnolia as the controlling shareholders and the Company, Mr. Ji will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed "Glossary of Technical Terms" of the Circular) development business in the PRC once the excluded projects are completed.

The Company has received annual written declarations on their compliance with the undertaking under the Non-Competition Undertaking from Mr. Ji and Magnolia during the year ended 31 December 2014. Based on the confirmations received from Mr. Ji and Magnolia and after review, our independent non-executive Directors considered that Mr. Ji and Magnolia had complied with the terms set out in the Non-Competition Undertaking during the year ended 31 December 2014.

Other than as disclosed above, none of our Directors had any interest in any business which competes with our Group's business during the year ended 31 December 2014.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

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

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme maintained by the Group are set out in note 41 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was a sufficient public float throughout the year ended 31 December 2014 and as at the latest practicable date prior to the issue of this annual report.

SUBSEQUENT EVENTS

Details of the subsequent events are set out in note 49 to the consolidated financial statements.

AUDITORS

Messrs. PKF, who acted as auditors of the Company for the preceding years, retired as auditors of the Company on 19 September 2013. SHINEWING (HK) CPA Limited was appointed as auditors on 19 September 2013 to fill the causal vacancy. A resolution will be tabled in the 2015 AGM to reappoint SHINEWING (HK) CPA Limited as auditors of the Company.

On behalf of the Board
Ji Changqun
Chairman

Hong Kong
31 March 2015

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF
FULLSHARE HOLDINGS LIMITED
(formerly known as WARDERLY INTERNATIONAL HOLDINGS LIMITED)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fullshare Holdings Limited (formerly known as Warderly International Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 133, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's 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 auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's loss 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
31 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Continuing operations			
Revenue	8	**643,793**	859,393
Cost of sales		**(514,170)**	(627,327)
Gross profit		**129,623**	232,066
Other income	10	**8,580**	2,307
Change in fair value of convertible bonds	36	**(1,360,118)**	(292,866)
Change in fair value of property held for sale transferred to investment property	19	**–**	1,324
Gain on bargain purchase recognised in acquisition of a subsidiary	39	**237,978**	–
Selling expenses		**(22,241)**	(29,858)
Administrative expenses		**(49,378)**	(25,816)
Finance costs	11	**(3,035)**	(412)
Loss before tax		**(1,058,591)**	(113,255)
Income tax expense	12	**(44,268)**	(88,083)
Loss for the year from continuing operations		**(1,102,859)**	(201,338)
Discontinued operation			
Loss for the year from discontinued operation	13	**–**	(32,042)
Loss and total comprehensive expense for the year	14	**(1,102,859)**	(233,380)
Loss and total comprehensive expense for the year attributable to owners of the Company:			
– from continuing operations		**(1,109,654)**	(209,704)
– from discontinued operation		**–**	(32,042)
		(1,109,654)	(241,746)
Profit and total comprehensive income for the year attributable to non-controlling interests:			
– from continuing operations		**6,795**	8,366
– from discontinued operation		**–**	–
		6,795	8,366
		(1,102,859)	(233,380)
Loss per share	17		
		RMB	RMB
From continuing and discontinued operations			
– Basic and diluted		**(28.02) cents**	(20.92) cents
From continuing operations			
– Basic and diluted		**(28.02) cents**	(18.15) cents

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Plant and equipment	18	**4,080**	2,898
Investment property	19	**5,600**	5,600
Goodwill	20	**1,474**	–
Loan receivable	21	**350,000**	–
Deferred tax assets	38	**14,045**	–
		375,199	8,498
Current assets			
Deposit paid for potential acquisition of a subsidiary	22	**50,000**	–
Trade and other receivables	23	**327,018**	53,608
Tax prepaid	24	**23,219**	–
Properties under development	25	**1,802,040**	880,104
Properties held for sale	26	**307,336**	405,484
Amounts due from customers for contract work	27	**20,801**	–
Pledged bank deposits	28	**11,947**	1,445
Bank balances and cash	29	**251,082**	116,358
		2,793,443	1,456,999
Current liabilities			
Trade and other payables	30	**224,378**	188,563
Receipts in advance and deposits received	31	**435,442**	476,702
Income tax payables		**60,035**	41,399
Consideration payable	32	**156,000**	–
Amount due to a shareholder	33	**8,815**	–
Bank and other borrowings			
– due within one year	34	**757,190**	155,000
		1,641,860	861,664
Net current assets		**1,151,583**	595,335
Total assets less current liabilities		**1,526,782**	603,833

Consolidated Statement of Financial Position
(Continued)

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Capital and reserves			
Issued equity	35	**530,763**	439,307
Reserves		**720,011**	(661,881)
Equity (capital deficiency) attributable to owners of the Company		**1,250,774**	(222,574)
Non-controlling interests		**207,624**	27,829
Total equity (capital deficiency)		**1,458,398**	(194,745)
Non-current liabilities			
Convertible bonds	36	**–**	683,247
Corporate bond	37	**7,089**	–
Consideration payables	32	**43,758**	–
Bank and other borrowings – due after one year	34	**–**	115,000
Deferred tax liabilities	38	**17,537**	331
		68,384	798,578
Total equity (capital deficiency) and non-current liabilities		**1,526,782**	603,833

The consolidated financial statements on pages 45 to 133 were approved and authorised for issue by the board of directors on 31 March 2015 and are signed on its behalf by:

Ji Changqun
Director

Shi Zhiqiang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Issued equity									
	Ordinary share capital RMB'000 (note 35)	Equity reserve RMB'000 (note i)	Statutory reserves RMB'000 (note ii)	Share premium RMB'000	Other reserve RMB'000 (note iii)	Reverse acquisition reserve RMB'000	(Accumulated losses) retained profits RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2013	3,295	396,705	18,229	–	8,533	–	(56,516)	370,246	19,463	389,709
Open offer and acquisition of subsidiaries (note 2)	13,179	26,128	–	–	–	(390,381)	–	(351,074)	–	(351,074)
(Loss) profit and total comprehensive (expense) income for the year	–	–	–	–	–	–	(241,746)	(241,746)	8,366	(233,380)
Transfers to statutory reserves	–	–	7,069	–	–	–	(7,069)	–	–	–
At 31 December 2013 and 1 January 2014	16,474	422,833	25,298	–	8,533	(390,381)	(305,331)	(222,574)	27,829	(194,745)
Reduction of share premium (note iv)	–	–	–	(1,872,821)	–	–	1,872,821	–	–	–
Issue of shares upon conversion of convertible bonds (note 36)	79,829	–	–	1,963,536	–	–	–	2,043,365	–	2,043,365
Issues of shares under placing (note 35)	11,627	–	–	530,359	–	–	–	541,986	–	541,986
Expenses on placing shares	–	–	–	(2,349)	–	–	–	(2,349)	–	(2,349)
Acquisition of subsidiaries (note 39)	–	–	–	–	–	–	–	–	173,000	173,000
(Loss) profit and total comprehensive (expense) income for the year	–	–	–	–	–	–	(1,109,654)	(1, 109,654)	6,795	(1,102,859)
Transfers to statutory reserves	–	–	8,380	–	–	–	(8,380)	–	–	–
At 31 December 2014	**107,930**	**422,833**	**33,678**	**618,725**	**8,533**	**(390,381)**	**449,456**	**1,250,774**	**207,624**	**1,458,398**

Notes:

(i) Equity reserve

Equity reserve represented (i) the difference between the paid-in capital of Nanjing Fullshare (as defined in note 2) and the carrying amount of ordinary share capital of the Company immediately before the completion of the reverse takeover transaction and (ii) the difference between deemed consideration given by Nanjing Fullshare and the nominal value of ordinary shares of the Company issued in respect of the reverse takeover transaction. Details of reverse takeover transaction are set out in note 2.

(ii) Statutory reserve

In accordance with the People's Republic of China ("PRC") Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(iii) Other reserve

Other reserve represents the net gain arising from transactions with non-controlling interests and the owners of Nanjing Fullshare.

(iv) Reduction of share premium

Pursuant to a resolution passed by the shareholders of the Company on an extraordinary general meeting held on 17 December 2014, the amount standing to the credit of the share premium account of the Company as at 31 December 2014 will be reduced by the Company's accumulated losses.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Loss before tax		
Continuing operations	(1,058,591)	(113,255)
Discontinued operation	–	(32,042)
	(1,058,591)	(145,297)
Adjustments for:		
Gain on bargain purchase recognised in acquisition of a subsidiary	(237,978)	–
Impairment loss on goodwill	–	32,042
Change in fair value of convertible bonds	1,360,118	292,866
Change in fair value of property held for sale transferred to investment property	–	(1,324)
Plant and equipment written off	–	13
Gain on disposal of plant and equipment	–	(283)
Depreciation for plant and equipment	1,030	997
Written back of other payable	(672)	–
Waiver of interest of convertible bonds	(2,922)	–
Finance costs	3,035	412
Bank interest income	(551)	(1,902)
Other interest income	(2,887)	–
Operating cash inflows before movements in working capital	60,582	177,524
Decrease in properties held for sale	502,085	627,327
Increase in properties under development	(258,087)	(469,171)
Decrease in held for trading investments	–	400
Decrease in trade and other receivables	357,010	35,043
Increase in amounts due from customers for contract work	(11,871)	–
(Decrease) increase in trade and other payables	(23,526)	89,574
Decrease in receipts in advance and deposits received	(120,624)	(377,104)
Cash generated from operations	505,569	83,593
Income tax paid	(60,842)	(69,079)
Interest paid	(38,494)	(22,959)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	406,233	(8,445)

Consolidated Statement of Cash Flows
(Continued)

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Net cash outflow on acquisition of subsidiaries	39	**(388,437)**	(385,879)
Placement of pledged bank deposits		**(1,947)**	(1,445)
Withdrawal of pledged bank deposits		**1,445**	210
Acquisition of plant and equipment		**(1,735)**	(1,790)
Interest received		**3,438**	1,902
Deposit paid for potential acquisition of a subsidiary		**(50,000)**	–
Proceeds from disposal of plant and equipment		**69**	407
Loan receivable made		**(350,000)**	–
Net cash inflow on disposal of subsidiaries	40	**–**	6,979
NET CASH USED IN INVESTING ACTIVITIES		**(787,167)**	(379,616)
FINANCING ACTIVITIES			
Bank borrowings raised		**200,000**	170,000
Repayment of bank borrowings		**(239,800)**	(131,500)
Advance from a shareholder		**8,815**	–
Repayment to a related party		**–**	(61,109)
Dividend paid		**–**	(17,427)
Proceeds on issue of convertible bonds	36	**–**	390,381
Proceeds on issue of corporate bond	37	**8,268**	–
Expenses on issue of corporate bond	35(aii)	**(1,262)**	–
Proceeds from placing shares	35(aii)	**541,986**	–
Expenses on placing shares		**(2,349)**	–
NET CASH FROM FINANCING ACTIVITIES		**515,658**	350,345
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**134,724**	(37,716)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**116,358**	154,074
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**251,082**	116,358

1. GENERAL

Fullshare Holdings Limited (formerly known as Warderly International Holdings Limited) (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are set out in the "Corporate Information" section of the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property development and provision of green building services. In the opinion of the directors of the Company, the parent and the ultimate holding company of the Company is Magnolia Wealth International Limited ("Magnolia"), a limited company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the Company's and its subsidiaries' functional currency.

Pursuant to a special resolution passed at the special general meeting held on 20 October 2014, the English name of the Company was changed from "Warderly International Holdings Limited" to "Fullshare Holdings Limited" and the Chinese name of the Company was changed from "匯多利國際控股有限公司" to "豐盛控股有限公司".

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 12 December 2013, an open offer, debt restructuring and reverse takeover involving a new listing application was completed. The Group acquired the entire equity interest of Nanjing Fullshare Asset Management Limited*（南京豐盛資產管理有限公司）("Nanjing Fullshare"), a company incorporated in the PRC with limited liability from Nanjing Fullshare Industrial Holding Group Co. Limited*（南京豐盛產業控股集團有限公司）("Nanjing Fullshare Holding") at cash consideration of HK$500,000,000. Magnolia, an underwriter of the open offer of the Company, was acting in concert with Nanjing Fullshare Holding. Nanjing Fullshare was an investment holding company which was wholly owned by Nanjing Fullshare Holding, immediately before the completion of the reverse takeover transaction ("Reverse Takeover Transaction"). Nanjing Fullshare and its subsidiaries (the "Nanjing Fullshare Group") were principally engaged in property development in PRC. The details of the Reverse Takeover Transaction were set out in the Company's circular dated 28 October 2013 and in the announcement of the Company dated 12 December 2013.

Open Offer

During the year ended 31 December 2013, the Company carried out an open offer (the "Open Offer") to raise HK$84,400,000 on the basis of 4 offer shares for every 1 existing share held on the record date at the offer price of HK$0.05 each of 1,688,000,000 offer shares (the "Offer Shares") with Magnolia being the underwriter of the Open Offer. Upon the completion of the Open Offer, the number of the issued share capital of the Company increased by 1,688,000,000 to 2,110,000,000.

* *For identification purpose only*

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Open Offer *(continued)*

As the Offer Shares were not fully subscribed by the existing shareholders of the Company, Magnolia has taken up 1,103,036,404 Offer Shares, representing approximately 52.28% of the total issued share capital as enlarged by the Offer Shares.

The details of the Open Offer were set out in the prospectus and announcement of the Company dated 21 November 2013 and 10 December 2013 respectively.

Debt Restructuring

During the year ended 31 December 2013, the Company also completed the debt restructuring and settled the amounts due to certain creditors of the Company (the "Scheme Creditors") by the way of the schemes of arrangement to be made between the Company and the Scheme Creditors under the predecessor Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Hong Kong Scheme") and the Companies Law (2007 Revision) of the Cayman Islands (the "Cayman Scheme", together with the Hong Kong Scheme, hereinafter collectively referred to as the "Schemes") respectively. On 12 December 2013, the Schemes were effective. Pursuant to the Schemes, all amounts due to Scheme Creditors have been fully discharged for a cash payment of HK$37,000,000 (the "Debt Restructuring").

The details of the Debt Restructuring were set out in the circular and announcement of the Company dated 28 October 2013 and 12 December 2013 respectively.

Reverse Takeover Transaction

During the year ended 31 December 2013, the Reverse Takeover Transaction has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 (Revised) *Business Combination* ("HKFRS 3 (Revised)") as Magnolia has taken up approximately 52.28% ordinary shares of the Company through the Open Offer and Mighty Fame Limited ("Mighty Fame"), a wholly owned subsidiary of the Company, has acquired entire equity interest of Nanjing Fullshare at cash consideration of HK$500,000,000 from Nanjing Fullshare Holding. For accounting purpose, the aforesaid transactions were deemed as reverse takeover transaction. As a result, the Company (together with its subsidiaries before the completion of the Reverse Takeover Transaction, collectively referred to as the "Existing Group"), the accounting acquiree, is deemed to have been acquired by Nanjing Fullshare, the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Nanjing Fullshare Group and accordingly:

(i) The assets and liabilities of the Nanjing Fullshare Group are recognised and measured at their carrying amounts;

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3 (Revised); and

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Reverse Takeover Transaction *(continued)*

In preparing these consolidated financial statements, the Nanjing Fullshare Group has applied the acquisition method to account for the acquisition of the Existing Group. In applying the acquisition method, the consideration deemed to be given by Nanjing Fullshare was approximately RMB39,307,000 (equivalent to approximately HK$50,344,000), calculated based on HK$0.05 each (i.e. offer price under the Open Offer) of approximately 1,006,964,000 ordinary shares of the Company (the "Deemed Consideration"), which represented the number of issued ordinary shares of the Company minus the number of ordinary shares held by Magnolia as at the date of completion of the Reverse Takeover Transaction. The separately identifiable assets and liabilities of the Existing Group were recorded in the consolidated statement of financial position at their fair value upon the completion date of the Reverse Takeover Transaction. Goodwill arising on the acquisition of the Existing Group of approximately RMB32,980,000, being the excess of the Deemed Consideration over the identifiable assets and liabilities of the Existing Group upon the completion date of the Reverse Takeover Transaction, was recorded. The results of the Existing Group have been consolidated to the Company's consolidated financial statements since the completion date of the Reverse Takeover Transaction. Further details of the Reverse Takeover Transaction are set out in note 39 to the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	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 (IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

Except for disclosed in below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendment to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[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.

The directors of the Company anticipate that, except as described below, the application of other new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Annual Improvements to HKFRSs 2010-2012 Cycle

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

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

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

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

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

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

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Annual Improvement to HKFRSs 2012 – 2014 Cycle

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

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements "if not disclosed elsewhere in the interim financial report". The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 (2014) Financial Instruments *(continued)*

Key requirements of HKFRS 9 (2014) are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 (2014) Financial Instruments *(continued)*

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Hong Kong Companies Ordinance (Cap. 622)

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

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance which for the financial year and comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for the Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in section 76 to 87 of Schedule 11 of that Ordinance.

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

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances (please specify), appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

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

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Plant and equipment

Plant and equipment held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimated amounted for on a prospective basis.

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

Properties under development

Properties under development are stated at the lower of cost and net realisable value.

Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and applicable selling expenses.

On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses at the end of the reporting period, or by management estimates based on prevailing market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible assets (excluding goodwill)

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified as loan and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

Objective evidence of impairment could include:

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

For certain categories of financial asset, such as loan receivable and trade and other receivables and assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and an increase in the number of delayed payments in the portfolio past the average credit period.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

The Group's financial liabilities are classified into either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are designated as at FVTPL on initial recognition.

A financial liability may be designated as at FVTPL upon initial recognition if:

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in a separate line item in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 7(c).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Other financial liabilities

Other financial liabilities, including trade and others payables, consideration payables, amount due to a shareholder, corporate bond and bank and other borrowings, are subsequently measured at the amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Convertible bonds designated as at FVTPL

Convertible bonds issued by the Group (including related embedded derivatives) are designated at FVTPL on initial recognition. At each end of the reporting period subsequent to initial recognition, the entire convertible bonds are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Financial guarantee contracts (continued)

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Retirement benefit costs

Payments to (i) the PRC local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and (ii) Mandatory Provident Fund ("MPF") Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of sales related taxes.

(i) Sales of properties

Revenue from sales of properties in the ordinary course of business is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of the relevant properties have been completed, the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured.

Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under receipts in advance and deposits received.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction contracts

Where the outcome of a construction contract including construction of buildings can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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.

PRC land appreciation tax

The Group is subject to land appreciation tax in the PRC. The provision of the land appreciation tax is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its land appreciation tax calculation and payments with the tax authorities for its property development projects. The final outcome could be different from the amounts that were initially recorded. At 31 December 2014, the carrying amount of land appreciation tax payable included under income tax payables was approximately RMB56,178,000 (2013: RMB38,597,000).

Estimated net realisable value of properties held for sale

The management of the Group determines the net realisable value of properties held for sale by using prevailing market data such as most recent sales transactions and internal estimates of cost based on quotes from contractors. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales), the legal and regulatory framework and general market conditions. At 31 December 2014, the carrying amount of properties held for sale was approximately RMB307,336,000 (2013: RMB405,484,000). No impairment loss was recognised as at 31 December 2014 (2013: nil).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated net realisable value of properties under development

In determining whether allowances should be made to the Group's properties under development, the directors of the Company take into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs to sell) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value of properties under development is less than expected as a result of a change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. At 31 December 2014, the carrying amount of properties under development was approximately RMB1,802,040,000 (2013: RMB880,104,000). No impairment loss was recognised as at 31 December 2014 (2013: nil).

Estimated allowance for impairment of trade and other receivables

When there is objective evidence of impairment loss, the directors of the Company take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade and other receivables are approximately RMB327,018,000 (2013: RMB53,608,000). No impairment loss was recognised as at 31 December 2014 (2013: nil).

Estimated fair value of financial guarantees

In estimating the fair value of the financial guarantees in respect of mortgage facilities for property purchasers, the directors of the Company consider the net realisable value of the relevant properties against the outstanding principal and interest.

In the opinion of the directors of the Company, the fair value of the financial guarantees at 31 December 2014 assessed by Crowe Howarth (HK) Consulting & Valuation Limited (2013: CBRE Limited), an independent professional valuer not connected to the Group, was immaterial. Details of the financial guarantees are set out in note 44.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the amount due to a shareholder, corporate bond, convertible bonds and bank and other borrowings, net of cash and cash equivalents and equity (2013: capital deficiency) attributable to owners of the Company, comprising issued equity, reserves and retained profits (2013: accumulated losses).

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, issuance of new share and debt, share buy-backs as well as the repayment of existing debt.

7. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2014 RMB'000	2013 RMB'000
Financial assets		
Loans and receivables (including bank balances and cash)	**696,818**	141,985
Financial liabilities		
At FVTPL – convertible bonds	**–**	683,247
At amortised costs	**1,196,174**	458,525

b) Financial risk management objectives and policies

The Group's major financial instruments include loan receivable, deposit paid for potential acquisition of a subsidiary, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a shareholder, consideration payables, convertible bonds, corporate bond and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS *(continued)*

b) Financial risk management objectives and policies *(continued)*

Market risk

(i) Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities at the reporting date are as follows:

	Denominated in HK$	
	2014	2013
	RMB'000	RMB'000
Assets	**76,582**	12,064
Liabilities, including convertible bonds and corporate bond	**22,256**	690,777

Sensitivity analysis

The Group is mainly exposed to HK$ currency risk.

The following table details the Group's sensitivity to a 10% (2013: 10%) increase and decrease in RMB against HK$. 10% (2013: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2013: 10%) change in foreign currency rates.

	Weakens (strengthens) in foreign exchange rate	Increase (decrease) in loss after tax for the year
	%	RMB'000
For the year ended 31 December 2014		
If RMB weakens against HK$	**10**	**(5,433)**
If RMB strengthens against HK$	**(10)**	**5,433**
For the year ended 31 December 2013		
If RMB weakens against HK$	10	67,871
If RMB strengthens against HK$	(10)	(67,871)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

7. **FINANCIAL INSTRUMENTS** *(continued)*

b) **Financial risk management objectives and policies** *(continued)*

Market risk *(continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (note 34), convertible bonds (note 36) and corporate bond (note 37).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (note 34). It is the Group's policy to keep the borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk relates to pledged bank deposits and bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as these bank balances are all short-term in nature.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the fixed deposit rate as stipulated by the People's Bank of China arising from the Group's RMB borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank and other borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

For variable-rate bank balances, pledged bank deposits and bank and other borrowings, if the interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2014 would increase by approximately RMB35,000 (2013: RMB533,000) during the year ended 31 December 2014.

7. **FINANCIAL INSTRUMENTS** *(continued)*

b) **Financial risk management objectives and policies** *(continued)*

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 44.

The Group has no significant concentration of credit risk on its trade and other receivables as the exposures spread over a number of counterparties.

The Group reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit rating agencies.

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties, which is approximately RMB365,885,000 as at 31 December 2014 (2013: RMB485,887,000). If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. As the mortgage loans are secured by the properties with current market price higher than the guaranteed amounts, the directors of the Company consider that the Group would recover any loss that may arise from the guarantees provided by the Group.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for all of the total trade receivables and loan receivable respectively as at 31 December 2014.

7. FINANCIAL INSTRUMENTS *(continued)*

b) Financial risk management objectives and policies *(continued)*

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk tables

	Within one year or on demand RMB'000	More than one year but not exceeding two years RMB'000	More than two years but not exceeding five years RMB'000	More than five years RMB'000	Total undiscounted cash flow RMB'000	Carrying Amount RMB'000
As at 31 December 2014						
Trade and other payables	**223,322**	**–**	**–**	**–**	**223,322**	**223,322**
Bank and other borrowings	**797,238**	**–**	**–**	**–**	**797,238**	**757,190**
Consideration payables	**156,000**	**25,000**	**25,000**	**–**	**206,000**	**199,758**
Amount due to a shareholder	**8,815**	**–**	**–**	**–**	**8,815**	**8,815**
Corporate bond	**579**	**579**	**1,737**	**8,847**	**11,742**	**7,089**
Financial guarantee contracts (note 44)	**365,885**	**–**	**–**	**–**	**365,885**	**–**
	1,551,839	**25,579**	**26,737**	**8,847**	**1,613,002**	**1,196,174**
As at 31 December 2013						
Trade and other payables	188,525	–	–	–	188,525	188,525
Bank and other borrowings	168,359	118,702	–	–	287,061	270,000
Financial guarantee contracts (note 44)	485,887	–	–	–	485,887	–
	842,771	118,702	–	–	961,473	458,525
Convertible bonds	7,808	7,808	413,413	–	429,029	683,247

7. **FINANCIAL INSTRUMENTS** *(continued)*

b) **Financial risk management objectives and policies** *(continued)*

Liquidity risk *(continued)*

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

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. Based on the expectations at the end of the reporting period, the Group considers that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

c) **Fair values of financial assets and liabilities**

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The fair value of financial guarantee contracts is determined using discounted cash flow models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

The directors of the Company consider that the fair value of the non-current interest-free financial assets and liabilities not measured at fair value approximates to their carrying amount as the impact of discounting is not significant.

The directors of the Company also consider that the fair value of the non-current interest-bearing financial assets and liabilities measured at fair value approximates to their carrying amount.

7. FINANCIAL INSTRUMENTS *(continued)*

c) Fair values of financial assets and liabilities *(continued)*

Fair value measurements recognised in the consolidated statement of financial position on a recurring basis

The Group's convertible bonds are measured at fair value at 31 December 2013.

	Level 3	
	2014	2013
	RMB'000	RMB'000
Financial liabilities at FVTPL		
Convertible bonds (Note)	**–**	683,247

Note: The convertible bonds were fully converted into ordinary shares of the Company during the year ended 31 December 2014.

The following table gives information about how the fair values of the convertible bonds at 31 December 2013 were determined (in particular, the valuation technique and inputs used).

Financial assets/ Financial liabilities	Valuation technique	Key inputs and significant unobservable input(s)
Convertible bonds	Binomial model	Volatility, determined by reference to the share price of listed entities to similar industries of 47%. (Note i)
		Dilution effect, taking into account the valuation methodology.
		Discount rate of 15.05% (Note ii)
		Expected life of 4.95 years

Note (i): An increase in the volatility used in isolation would result in a decrease in the fair value measurement of the convertible bonds, and vice versa. A 10% increase in the volatility with all other variables constant would decrease the fair value of the convertible bonds at 31 December 2013 by RMB721,000.

Note (ii): An increase in the discount rate used in isolation would result in a significant decrease in the fair value measurement of the convertible bonds, and vice versa. A 3% increase in the discount rate with all other variables constant would decrease the fair value of convertible bonds at 31 December 2013 by RMB436,000.

7. FINANCIAL INSTRUMENTS *(continued)*

c) Fair values of financial assets and liabilities *(continued)*

Fair value measurements recognised in the consolidated statement of financial position on a recurring basis *(continued)*

There were no transfers into or out of Level 3 during the years ended 31 December 2014 and 2013.

Reconcilation of Level 3 fair value measurements

	2014 RMB'000	2013 RMB'000
Opening balance	683,247	–
(Conversion) issue of convertible bonds	(2,043,365)	390,381
Total loss recognised in profit or loss	1,360,118	292,866
Closing balance	–	683,247

The total loss recognised in consolidated statement of profit or loss and other comprehensive income of approximately RMB1,360,118,000 (2013: RMB292,866,000) related to the change in fair value of convertible bonds is included as a separate line item in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2014.

Valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The appropriate valuation techniques and inputs for fair value measurements are determined by the directors of the Company and the independent qualified valuers.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation. The directors of the Company work closely with the independent qualified valuers to establish the appropriate valuation techniques and inputs to the model. The directors of the Company will review the cause of fluctuations in fair value of the assets and liabilities semi-annually.

8. REVENUE

Revenue represents the net amounts received and receivable for properties sold and green building services provided by the Group to external customers less sales related taxes.

	2014 RMB'000	2013 RMB'000
Continuing operations		
Sale of properties	**631,240**	859,393
Green building services income	**12,553**	–
	643,793	859,393

9. SEGMENT INFORMATION

Information reported to the chief executive officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group is principally engaged in the property development and provision of green building services. Specifically, the Group's reportable and operating segments are as follows:

1. Property development – development and sale of properties

2. Green building – green building services

The green building services segment is introduced during the year ended 31 December 2014 through the acquisition of Fullshare Green Building Group Company Limited*（豐盛綠建集團有限公司）("Fullshare Lujian") (formerly known as Jiangsu Ruiheng Construction Company Limited*（江蘇銳恆建設有限公司）) and its subsidiary ("Fullshare Lujian Group") (note 39).

As further detailed set out in note 13, manufacturing and sale of household electrical appliances was discontinued during the year ended 31 December 2013. The segment information reported does not include any amounts for the discontinued operation.

* *For identification purpose only*

9. SEGMENT INFORMATION *(continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

	2014			2013		
	Property development RMB'000	Green building RMB'000	Total RMB'000	Property development RMB'000	Green building RMB'000	Total RMB'000
Continuing operations						
Revenue	631,240	12,553	643,793	859,393	–	859,393
Segment profit	82,505	1,972	84,477	188,263	–	188,263
Unallocated corporate expenses			(23,586)			(11,588)
Unallocated other income			5,693			2,024
Change in fair value of property held for sale transferred to investment property			–			1,324
Change in fair value of convertible bonds			(1,360,118)			(292,866)
Gain on bargain purchase recognised in acquisition of a subsidiary			237,978			–
Finance costs			(3,035)			(412)
Loss before tax			(1,058,591)			(113,255)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs, changes in fair value of convertible bonds and property held for sale transferred to investment property, gain on bargain purchase recognised in acquisition of a subsidiary and certain other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

9. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

	2014			2013		
	Property development RMB'000	**Green building RMB'000**	**Total RMB'000**	Property development RMB'000	Green building RMB'000	Total RMB'000
Continuing operations						
Segment assets	**2,432,312**	**382,726**	**2,815,038**	1,347,098	–	1,347,098
Unallocated corporate assets			**353,604**			118,399
Total assets			**3,168,642**			1,465,497
Segment liabilities	**607,022**	**43,239**	**650,261**	657,736	–	657,736
Unallocated corporate liabilities			**1,059,983**			1,002,506
Total liabilities			**1,710,244**			1,660,242

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than certain plant and equipment, deferred tax assets, certain other receivables, deposit paid for potential acquisition of subsidiary, tax prepaid, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.

- All liabilities are allocated to operating segments other than certain other payables, amount due to a shareholder, consideration payables, bank and other borrowings, income tax payables, convertible bonds, corporate bond and deferred tax liabilities as these liabilities are managed on a group basis.

9. SEGMENT INFORMATION *(continued)*

Other segment information

	For the year ended 31 December 2014			
	Property development RMB'000	Green building RMB'000	Unallocated RMB'000	Total RMB'000
Continuing operations				
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets (note)	64	2,044	1,647	3,755
Depreciation	671	14	345	1,030
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Written back of other payable	–	–	(672)	(672)
Waiver of interests on convertible bonds	–	–	(2,922)	(2,922)
Bank interest income	–	–	(551)	(551)
Finance costs	–	–	3,035	3,035
Income tax expense	43,609	526	133	44,268

	For the year ended 31 December 2013			
	Property development RMB'000	Green building RMB'000	Unallocated RMB'000	Total RMB'000
Continuing operations				
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets	1,303	–	6,100	7,403
Depreciation	948	–	49	997
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Bank interest income	–	–	(1,902)	(1,902)
Finance costs	–	–	412	412
Income tax expense	88,083	–	–	88,083

Note: Non-current assets excluded deferred tax assets and loan receivable.

9. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

Information about geographical areas

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about its non-current assets is presented based on the geographical location of the assets.

All the Group's revenue is derived from customers based in the PRC (country of domicile).

Non-current assets

	2014 RMB'000	2013 RMB'000
PRC (country of domicile)	9,969	8,485
Hong Kong	1,185	13
	11,154	8,498

Non-current assets excluded deferred tax assets and loan receivable.

Information about major customers

During the years ended 31 December 2014 and 2013, no single external customer contributing over 10% of the Group's revenue.

10. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Continuing operations		
Bank interest income	551	1,902
Subletting rental income (Note)	1,262	–
Waiver of interests on convertible bonds (note 45)	2,922	–
Written back of other payable	672	–
Other interest income (note 21)	2,887	–
Gain on disposal of plant and equipment	–	283
Others	286	122
	8,580	2,307

Note: The direct costs of the subletting rental income for the year ended 31 December 2014 is approximately RMB1,077,000 (2013: nil).

11. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Continuing operations		
Interest expenses on:		
bank borrowings wholly repayable within five years (note)	**37,999**	22,959
convertible bonds	**2,997**	412
corporate bond	**38**	–
Less: Interest capitalised in the cost of qualifying assets (note 25)	**(37,999)**	(22,959)
	3,035	412

Note:

Borrowing cost capitalised during the years ended 31 December 2014 and 2013 arose from specific borrowings for the qualifying assets.

12. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")	**31,182**	37,075
PRC Land Appreciation Tax ("LAT")	**25,329**	50,677
	56,511	87,752
Deferred tax		
Current year (note 38)	**(12,243)**	331
	44,268	88,083

Notes:

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

(b) Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable tax rate of Company's PRC subsidiaries is 25% for the years ended 31 December 2014 and 2013.

(c) The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, PRC LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

12. INCOME TAX EXPENSE *(continued)*

	2014 RMB'000	2013 RMB'000
Loss before tax	**(1,058,591)**	(113,255)
Tax at the domestic income tax rate of 25%	**(264,647)**	(28,313)
Provision for LAT for the year	**25,329**	50,677
Tax effect of expenses not deductible for tax purpose	**354,896**	81,701
Tax effect of PRC LAT deductible for PRC EIT	**(15,980)**	(5,538)
Tax effect of income not subject to tax	**(60,393)**	–
Tax effect of tax losses not recognised	**5,063**	–
Utilisation of tax losses previously not recognised	**–**	(10,444)
Income tax expense for the year	**44,268**	88,083

Details of the deferred tax are set out in note 38.

13. DISCONTINUED OPERATION

On 5 April 2013, the Company entered into a sale agreement to dispose of entire interest in Up Stand Holdings Limited and its subsidiary (collectively referred to as the "Disposal Group"), which carried out all of the Existing Group's manufacturing and sale of household electrical appliances operation (the "Disposal"), at a cash consideration of HK$10,000,000 (equivalent to approximately RMB7,808,000). The Disposal was effected in order to make the Group solely be engaged in property development. The Disposal was completed on 12 December 2013.

The loss from discontinued operation was analysed as follows:

	RMB'000
Impairment loss on goodwill (note 20)	32,042
Loss on disposal of manufacturing and sale of household electrical appliances operation (note 40)	–
	32,042

13. DISCONTINUED OPERATION *(continued)*

As the Reverse Takeover Transaction and the Disposal were completed on the same date (i.e. 12 December 2013), only impairment loss on goodwill of approximately RMB32,042,000 was recognised in the profit or loss and no cash flows were recorded in relation to the discontinued operation for the year ended 31 December 2013.

At the date of the completion of the Reverse Takeover Transaction (i.e. 12 December 2013), the major classes of assets and liabilities of the Disposal Group were set out in note 40.

14. LOSS FOR THE YEAR

Loss for the year from continuing operations has been arrived at after charging:

	2014 RMB'000	2013 RMB'000
Continuing operations		
(a) Staff costs, excluding directors' and chief executive's emoluments		
Salaries, wages and other benefits	**16,349**	10,744
Retirement benefits scheme contributions	**2,673**	1,590
	19,022	12,334
(b) Other items		
Auditors' remuneration	**1,319**	794
Depreciation of plant and equipment	**1,030**	997
Minimum lease payments under operating lease of properties	**4,488**	1,746
Costs of properties held for sale recognised as expenses (included as cost of sales)	**502,085**	627,327
Plant and equipment written off	**–**	13

15. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

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

	For the year ended 31 December 2014			
	Fees RMB'000	Salaries, wages and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Executive director and chief executive				
Mr. Ji Changqun ("Mr. Ji")	191	–	–	191
Executive directors				
Mr. Shi Zhiqiang	191	1,808	75	2,074
Mr. Wang Bo (appointed on 10 September 2014)	59	155	–	214
Mr. Fang Jian (appointed on 24 December 2014)	4	–	–	4
Mr. Eddie Hurip (re-designated from executive director to non-executive director on 31 March 2015)	191	1,810	13	2,014
Mr. Zhou Yanwei (resigned on 31 March 2015)	191	614	–	805
Independent non-executive directors				
Mr. Lau Chi Keung	191	–	–	191
Mr. Chow Siu Lui	191	–	–	191
Mr. Tsang Sai Chung	191	–	–	191
Total	1,400	4,387	88	5,875

15. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and chief executive's emoluments *(continued)*

	For the year ended 31 December 2013			
	Fees RMB'000	Salaries, wages and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Executive directors and chief executives				
Mr Kan Che Kin, Billy Albert ("Mr Kan") (resigned on 12 December 2013)	7	–	–	7
Mr. Ji (appointed on 12 December 2013)	10	–	–	10
Executive directors				
Mr. Li Kai Yien, Arthur Albert (resigned on 12 December 2013)	7	–	–	7
Ms. Li Shu Han, Eleanor Stella (resigned on 12 December 2013)	7	–	–	7
Ms. Seto Ying (resigned on 12 December 2013)	7	–	–	7
Mr. Shi Zhiqiang (appointed on 25 November 2013)	15	1,186	71	1,272
Mr. Eddie Hurip (appointed on 25 November 2013)	15	–	–	15
Mr. Zhou Yanwei (appointed on 12 December 2013)	10	471	–	481
Independent non-executive directors				
Mr. Lee Kong Leong (resigned on 12 December 2013)	37	–	–	37
Mr. Li Siu Yui (resigned on 12 December 2013)	37	–	–	37
Mr. Ip Woon Lai (resigned on 12 December 2013)	37	–	–	37
Mr. Lau Chi Keung (appointed on 12 December 2013)	10	–	–	10
Mr. Chow Siu Lui (appointed on 12 December 2013)	10	–	–	10
Mr. Tsang Sai Chung (appointed on 12 December 2013)	10	–	–	10
Total	219	1,657	71	1,947

No directors and chief executives waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2014 and 2013. No emoluments were paid by the Group to any directors and chief executives as an incentive payment for joining the Group or as compensation for loss of office during the years ended 31 December 2014 and 2013.

15. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS *(continued)*

(b) Employees' emoluments

Of the five individuals with highest emoluments in the Group, three (2013: two) were the directors of the Company whose emoluments are included in the disclosures in note 15(a). The emoluments of the remaining two (2013: three) individuals were as follows:

	2014	2013
	RMB'000	RMB'000
Salaries, allowances and other benefits	**1,871**	1,626
Retirement benefits scheme contributions	**23**	146
	1,894	1,772

During the years ended 31 December 2014 and 2013, no emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

Their remuneration was within the following bands:

	2014	2013
Nil to HK$1,000,000 (equivalent to nil to RMB781,000)	**1**	3
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,172,000 to RMB1,562,000)	**1**	–

16. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2014 (2013: nil), nor has any dividend been proposed since the end of the reporting period.

17. LOSS PER SHARE

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

	2014 RMB'000	2013 RMB'000
For continuing and discontinued operations		
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	**(1,109,654)**	(241,746)
For continuing operations		
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	**(1,109,654)**	(209,704)
For discontinued operation		
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	**–**	(32,042)

	2014 '000	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,960,630**	1,155,454

17. LOSS PER SHARE *(continued)*

From continuing and discontinued operations

The weighted average number of shares used for the purpose of calculating basic loss per share for the year ended 31 December 2013 is determined by reference to the pre-combination capital of the Nanjing Fullshare multiplied by the exchange ratio established in the Reverse Takeover Transaction and the weighted average total actual shares of the Company in issue after the completion of the Reverse Takeover Transaction.

The computations of diluted losses per share for the years ended 31 December 2014 and 2013 do not assume the conversion of the Company's convertible bonds, which was issued upon the completion of the Reverse Takeover Transaction, since their exercise would result in change from loss per share to earnings per share which is anti-dilutive.

From continuing operations

The denominators used are the same as those detailed above for basic and diluted loss per share for the years ended 31 December 2014 and 2013.

From discontinued operation

Basic and diluted loss per share for the discontinued operation for the year ended 31 December 2013 was RMB2.77 cents per share based on the loss for the year from the discontinued operation attributable to the owners of the Company of approximately RMB32,042,000 and the denominators detailed above for basic and diluted loss per share for the year ended 31 December 2013.

18. PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2013	1,243	1,423	1,177	3,843
Additions	–	1,785	5	1,790
Acquired on acquisition of subsidiaries	–	13	–	13
Written off	–	(257)	(3)	(260)
Disposals	–	(260)	–	(260)
At 31 December 2013 and 1 January 2014	1,243	2,704	1,179	5,126
Additions	1,137	596	2	1,735
Acquired on acquisition of subsidiaries	–	251	295	546
Disposals	–	(96)	–	(96)
At 31 December 2014	**2,380**	**3,455**	**1,476**	**7,311**
ACCUMULATED DEPRECIATION				
At 1 January 2013	725	735	154	1,614
Charge for the year	396	464	137	997
Eliminated on written off	–	(245)	(2)	(247)
Eliminated on disposal	–	(136)	–	(136)
At 31 December 2013 and 1 January 2014	1,121	818	289	2,228
Charge for the year	352	536	142	1,030
Eliminated on disposal	–	(27)	–	(27)
At 31 December 2014	**1,473**	**1,327**	**431**	**3,231**
CARRYING VALUES				
At 31 December 2014	**907**	**2,128**	**1,045**	**4,080**
At 31 December 2013	122	1,886	890	2,898

Depreciation is recognised so as to write off the cost of plant and equipment less their residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvement	the shorter of 3 years or lease terms
Office equipment	3 to 5 years
Motor vehicles	5 years

19. INVESTMENT PROPERTY

	RMB'000
FAIR VALUE	
At 1 January 2013	–
Transferred from properties held for sale	4,276
Increase in fair value of property held for sale transferred to investment property recognised in profit or loss	1,324
At 31 December 2013, 1 January 2014 and 31 December 2014	5,600

The Group's property interest held under operating lease to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment property.

The fair value of the Group's investment property as at the date of transferred from properties held for sale and at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on the respective dates by Crowe Horwath (HK) Consulting & Valuation Limited (2013 and the date of transferred from properties held for sale: CBRE Limited), independent qualified professional valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2014 and 2013 are as follows:

	Level 2 RMB'000	**Fair value as at 31 December 2014** **RMB'000**	Fair value at the date of transfer and as at 31 December 2013 RMB'000
Commercial property units located in the PRC under long-term lease	5,600	**5,600**	5,600

There were no transfers into or out of Level 2 fair value measurement during both years.

At 31 December 2013 and 2014, a building ownership certificate of the investment property of approximately RMB5,600,000 had not been granted to the Group from the local land bureau of the PRC.

20. GOODWILL

	2014 RMB'000	2013 RMB'000
COST		
At beginning of the year	–	–
Arising on acquisition of the Existing Group (note 39)	–	32,980
Arising on acquisition of a subsidiary (notes a and 39)	1,474	–
Derecognised upon disposal of subsidiaries (note 40)	–	(32,980)
At the end of the year	1,474	–
IMPAIRMENT		
At beginning of the year	–	–
Impairment loss recognised in the year (note b)	–	32,042
Elimination upon disposal of subsidiaries (note 40)	–	(32,042)
At the end of the year	–	–
CARRYING VALUE		
At 31 December	1,474	–

Notes:

a) The carrying amount of goodwill arising from the acquisition of Fullshare Lujian Group was allocated to the cash generating unit of green building services ("CGU 1").

The recoverable amount of CGU 1 has been determined on the basis of value-in-use calculation with reference to a valuation performed by AVISTA Valuation Advisory Limited ("AVISTA"), an independent professional qualified valuer not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5 years period and pre-tax discount rate of 25.8%. Cash flow beyond the 5 years period has been extrapolated using a steady 3% growth rate. This growth rate is based on industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The directors of the Company were of the opinion that the recoverable amount exceeded its respective carrying amount as at 31 December 2014, and no impairment loss of goodwill was recognised.

20. GOODWILL *(continued)*

Notes: *(continued)*

b) The carrying amount of goodwill arising from the acquisition of the Existing Group was allocated to the cash generating unit of manufacturing, sales and trading of household electrical appliances ("CGU 2"). The CGU 2 had been disposed of at a cash consideration of HK$10,000,000 (equivalent to approximately RMB7,808,000) immediately after the completion of the acquisition of the Existing Group during the year ended 31 December 2013.

For the purpose of impairment testing, the recoverable amount of CGU 2 has been determined based on the fair value less cost of disposal. At the date of completion of the acquisition of the Existing Group, the directors of the Company considered that the recoverable amount of the CGU 2 was approximately RMB7,808,000 and the net asset value of the CGU 2 was approximately RMB6,870,000, accordingly, an impairment loss on goodwill of approximately RMB32,042,000 was recognised at the date of completion of the aforesaid acquisition.

The recoverable amount of CGU 2 amounted to approximately RMB7,808,000 represented the actual transaction price by reference to the sale and purchase agreement entered between the Group and a connected party during the year ended 31 December 2013.

21. LOAN RECEIVABLE

Loan receivable is an unsecured loan advanced to 句容市華陽鎮人民政府 amounted to RMB350,000,000, carries interest at 9.5% per annum and is repayable on or before 31 December 2016. Further details of the advance were set out in the Company's announcements dated 6 and 26 November 2014.

22. DEPOSIT PAID FOR POTENTIAL ACQUISITION OF A SUBSIDIARY

On 24 December 2014, the Group entered into a memorandum of understanding (the "MOU") with Nanjing Huigu Enterprise Management Consulting Co., Limited*（南京慧谷企業管理諮詢有限公司）("Nanjing Huigu"), an independent third party, for potential acquisition of the entire interests in Jiangsu Anjiali Zhiye Company Limited*（江蘇安家利置業有限公司）("Jiangsu Anjiali") and made a refundable deposit of RMB50,000,000. The deposit is non-interest bearing and refundable upon ten business days following the expiry of a three-month exclusive negotiation period where no formal agreement has been entered into.

* *For identification purpose only*

23. TRADE AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables (note a)	713	–
Other receivables and deposits (note b)	33,076	24,182
Prepayments for construction works	274,792	3,804
Other prepayments	906	1,287
Other taxes prepaid	17,531	24,335
	327,018	53,608

The Group does not hold any collateral over these balances.

As at 31 December 2014, trade and other receivables of approximately RMB1,516,000 (2013: RMB583,000) were denominated in HK$ which is not the functional currency of the relevant group entities.

Note a: An ageing analysis of trade receivables of the Group, based on invoice date at the end of reporting period, is as follows:

	2014 RMB'000	2013 RMB'000
Within 90 days	265	–
Over 1 year	448	–
	713	–

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate.

As at 31 December 2014, trade receivables of approximately RMB448,000 were past due more than one year but not impaired. The Group has individually assessed all the past due but not impaired trade receivables' credit worthiness and past payment history. The directors of the Company are of the opinion that the amounts are still recoverable and no provision for impairment is necessary in respect of these balances.

Note b: Included in the Group's other receivables and deposits are security deposits with an aggregate balance of approximately RMB29,314,000 (2013: RMB21,679,000) which are paid to certain PRC government authorities for the Group's property development business in the PRC. Such security deposits will be released upon completion of construction of the relevant development projects. All other receivables and deposits were neither past due nor impaired.

The directors of the Company consider that there has not been a significant change in the credit quality of the trade receivables, other receivables, prepayments and deposits and there is no recent history of default, therefore the amounts are considered recoverable.

24. TAX PREPAID

Pursuant to the PRC tax rule, the local tax authority requires the Group to prepay the PRC LAT and PRC EIT when pre-sales of properties have been occurred. Tax prepaid represented the PRC LAT and PRC EIT prepaid.

25. PROPERTIES UNDER DEVELOPMENT

	2014 RMB'000	2013 RMB'000
At the beginning of the year	**880,104**	1,367,338
Additions	**258,087**	469,171
Addition through acquisition of a subsidiary	**1,029,787**	–
Interest capitalised (note 11)	**37,999**	22,959
Transferred to properties held for sale	**(403,937)**	(979,364)
At the end of the year	**1,802,040**	880,104

	2014 RMB'000	2013 RMB'000
Represented by:		
Land use rights	**1,481,186**	631,813
Construction costs and capitalised expenditure	**320,854**	248,291
	1,802,040	880,104

The carrying amounts of properties under development situated on leasehold land in the PRC are as follows:

	2014 RMB'000	2013 RMB'000
Medium-term lease	**96,684**	215,755
Long-term lease	**1,705,356**	664,349
	1,802,040	880,104

25. PROPERTIES UNDER DEVELOPMENT *(continued)*

At 31 December 2014, the Group's properties under development amounting to approximately RMB1,074,534,000 (2013: RMB526,184,000) were pledged to secure banking facilities granted to the Group (note 43).

According to the accounting policy of the Group, properties under development are classified as current assets as the construction period of the relevant property development projects are expected to be completed in the normal operating cycle.

The carrying amounts of properties under development of approximately RMB336,296,000 as at 31 December 2014 (2013: RMB277,130,000) are expected not to be realised within the next twelve months from the end of the reporting period.

At 31 December 2013, a land use right certificate of properties under development of approximately RMB50,777,000 (2014: nil) had not been granted to the Group from the local land bureau of the PRC. Such certificate had been obtained during the year ended 31 December 2014.

26. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated on leasehold land in the PRC under medium-term and long-term leases. All the properties held for sale are stated at cost.

27. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2014 **RMB'000**	2013 RMB'000
Contracts in progress at the end of the reporting period		
Contract costs incurred plus recognised profits less recognised losses	**38,577**	–
Less: progress billings	**(17,776)**	–
Amounts due from customers for contract work	**20,801**	–

28. PLEDGED BANK DEPOSITS

Pledged bank deposits represent pledged deposits for the facilities granted by the banks to the Group (note 43). The pledged bank deposits carry interest at floating daily bank deposits rate.

29. BANK BALANCES AND CASH

(i) Bank balances and cash comprised of cash on hand and deposits with an original maturity of three months or less.

(ii) Bank balances carried interest at prevailing market interest rate of ranged from 0.001% to 0.4% per annum for the year ended 31 December 2014 (2013: 0.001% to 0.385%).

(iii) As at 31 December 2014, approximately RMB75,066,000 (2013: RMB11,481,000) of the bank balances and cash of the Group were denominated in HK$ which is not the functional currency of the relevant group entities.

30. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	RMB'000
Trade payables	**76,584**	28,321
Bills payables	**11,947**	1,445
	88,531	29,766
Other tax payables	**1,056**	38
Other payables	**26,706**	12,063
Accrued expenses	**108,085**	146,696
	224,378	188,563

The following is an aged analysis of the Group's trade and bills payables presented based on the invoice date at the end of reporting period:

	2014	2013
	RMB'000	RMB'000
Within 90 days	**70,835**	25,149
91 – 180 days	**13,731**	1,698
181 – 365 days	**2,400**	2,737
Over 1 year	**1,565**	182
	88,531	29,766

The average credit period on trade payable is 180 days. The Group has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

As at 31 December 2014, trade and other payables of approximately RMB6,352,000 (2013: RMB7,530,000) were denominated in HK$ which is not the functional currency of the relevant group entity.

31. RECEIPTS IN ADVANCE AND DEPOSITS RECEIVED

Receipts in advance and deposits received represents sales proceeds received from customers in connection with the Group's pre-sale of properties.

32. CONSIDERATION PAYABLES

Consideration payables represented the acquisition-date fair value of the outstanding considerations in respect of acquisitions of Nanjing Tianyun Real Estate Development Company Limited*（南京天韻房地產開發有限公司）("Nanjing Tianyun") and Fullshare Lujian Group of which RMB156,000,000, RMB22,860,000 and RMB20,898,000 are payable in February 2015, March 2016 and June 2017 respectively. Details of acquisitions have been set out in note 39(a) and (b).

33. AMOUNT DUE TO A SHAREHOLDER

Amount due to a shareholder represented advance from Magnolia, a substantial shareholder of the Company, which is non-interest bearing, unsecured and is repayable within one year. The whole balance was denominated in HK$ which is not the functional currency of the relevant group entity.

34. BANK AND OTHER BORROWINGS

	2014 RMB'000	2013 RMB'000
Secured		
Bank borrowings	199,690	180,000
Other borrowings	320,000	–
Unsecured		
Other borrowings	237,500	90,000
	757,190	270,000
Carrying amount repayable:		
On demand or within one year	757,190	155,000
More than one year but not exceeding two years	–	115,000
	757,190	270,000
Less: amounts due within one year shown under current liabilities	(757,190)	(155,000)
Amounts shown under non-current liabilities	–	115,000

* *For identification purpose only*

34. BANK AND OTHER BORROWINGS *(continued)*

The Group's bank and other borrowings are interest-bearing as follows:

	2014 RMB'000	2013 RMB'000
Fixed-rate borrowings		
From independent third parties	415,000	10,000
From a related party (note)	70,000	–
	485,000	10,000
Variable-rate borrowings	272,190	260,000
	757,190	270,000

Note:

As at 31 December 2014, fixed-rate borrowings from a related party represented unsecured entrusted loans of approximately RMB70,000,000 were received from Nanjing Fullshare Holding, a company controlled by Mr. Ji. The entrusted loans carried interest ranging from 5.6% to 6% per annum and were repayable within one year.

The ranges of effective interest rates per annum on the Group's borrowings at the end of the reporting period are as follows:

	2014	2013
Fixed-rate borrowings	5.60% – 7.995%	7.80% – 7.995%
Variable-rate borrowings	6.00% – 7.50%	6.15% – 7.98%

All bank and other borrowings were denominated in RMB.

As at 31 December 2014, bank and other borrowings of approximately RMB519,690,000 (2013: RMB180,000,000) was secured by certain properties under development of the Group as disclosed in note 25 and in which RMB40,000,000 (2013: RMB180,000,000) were guaranteed by China City Construction Second Engineering Bureau Group Co, Limited*（中城建第二工程局集團有限公司）, an independent third party to the Group.

As at 31 December 2014, the Group's unutilised banking facilities were RMB190,000,000 (2013: RMB 320,000,000)

* *For identification purpose only*

35. ISSUED EQUITY

Due to the application of the reverse acquisition basis of accounting, the issued capital of the Group represents the issued capital of the legal subsidiary, Nanjing Fullshare, of RMB400,000,000 and the deemed cost of acquisition of the Existing Group of RMB39,307,000 (notes 2 and 39) upon the completion of the Reserve Takeover Transaction.

(a) Issued capital of the Group

	RMB'000
At 1 January 2013 (Note i)	400,000
Acquisition of subsidiaries (note 39)	39,307
At 31 December 2013 and 1 January 2014	439,307
Issuance upon conversion of convertible bonds (note 36)	79,829
Issuance under placing (Note ii)	11,627
At 31 December 2014	**530,763**

Notes:

(i) The balance represents the paid-in capital of Nanjing Fullshare of RMB400,000,000 injected by Nanjing Fullshare Holding.

(ii) On 13 November 2014, the Company issued 680,000,000 ordinary shares of HK$0.01 each for HK$0.45 each, raising proceeds of HK$306,000,000 (equivalent to approximately RMB241,649,000), before issue costs of RMB374,000.

On 23 December 2014, the Company issued 780,000,000 ordinary shares of HK$0.01 each for HK$0.48 each, raising proceeds of HK$374,400,000 (equivalent to approximately RMB300,337,000), before issue costs of RMB1,975,000.

35. ISSUED EQUITY *(continued)*

(b) Share Capital of the Company

	Number of shares	Nominal value of ordinary shares	
		HK$'000	RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2013	8,000,000,000	80,000	
Increase in authorised share capital (note iii)	12,000,000,000	120,000	
At 31 December 2013, 1 January 2014 and 31 December 2014	**20,000,000,000**	**200,000**	
Issued and fully paid:			
At 1 January 2013	422,000,000	4,220	3,295
Issuance upon Open Offer (note iv)	1,688,000,000	16,880	13,179
At 31 December 2013	2,110,000,000	21,100	16,474
Issuance upon conversion of convertible bonds (note 36)	10,000,000,000	100,000	79,829
Issuance under placing (note 35a(ii))	1,460,000,000	14,600	11,627
At 31 December 2014	**13,570,000,000**	**135,700**	**107,930**

Notes:

(iii) Pursuant to an ordinary resolution passed on 13 November 2013, the authorised share capital of the Company was increased from HK$80,000,000 to HK$200,000,000 by the creation of 12,000,000,000 additional shares of HK$0.01 each, ranking pari passu in all aspects with the existing shares of the Company.

(iv) Details are set out under the heading "Open Offer" in note 2.

36. CONVERTIBLE BONDS

On 12 December 2013, the Company issued 2% convertible bonds with principal amount of HK$500,000,000 (equivalent to approximately RMB390,381,000) of which HK$420,000,000 (equivalent to approximately RMB327,920,000) was issued to Magnolia and HK$80,000,000 (equivalent to approximately RMB62,461,000) was issued to a former director, Mr. Kan. The convertible bonds can be converted up to 10,000,000,000 ordinary shares at HK$0.05 each. The convertible bonds entitled their holders to convert them into ordinary shares of the Company at any time from the date of the issue up to and including the date which 5 business days prior to the maturity date (i.e. 12 December 2018) of the convertible bonds. The convertible bonds cannot be early redeemed by their holders or the Company. The convertible bonds are measured at fair value with changes in fair value recognised in profit or loss.

	2014	2013
	RMB'000	RMB'000
Convertible bonds issued by the Company:		
At beginning of the year	**683,247**	–
Issue of convertible bonds during the year	**–**	390,381
Conversion to ordinary shares	**(2,043,365)**	–
Change in fair value of convertible bonds	**1,360,118**	292,866
At the end of the year	**–**	683,247

None of the convertible bonds were converted into ordinary shares of the Company during the year ended 31 December 2013.

During the year ended 31 December 2014, various conversions took place between 2 April 2014 and 31 December 2014 and all the convertible bonds were fully converted into ordinary shares of the Company and interests on convertible bonds amounted to approximately RMB2,922,000 was waived.

The aggregate fair values of the convertible bonds at 31 December 2013 and at the conversion dates of approximately RMB683,247,000 and approximately RMB2,043,365,000 respectively were determined with reference to a valuation carried out by AVISTA, an independent qualified valuer not connected to the Group, using the binomial model and prepaid forward contract model (2013: binomial model).

36. CONVERTIBLE BONDS *(continued)*

The fair value of the convertible bonds at 31 December 2013 and dates of conversion were calculated using the market value basis. Major parameters adopted in the calculation of the fair value are summarised below:

	At the dates of conversion	31 December 2013
Share price	**HK$0.241 – 0.55**	HK$0.26
Conversion price	**HK$0.05**	HK$0.05
Expected volatility (note i)	**42.2 – 44%**	47%
Expected life (note ii)	**47.4 – 56.4 months**	59.5 months
Discount rate (note iii)	**13.78 – 16.42%**	15.05%

Notes:

(i) Expected volatility was determined by the average volatility of the comparable companies as the proxy to derive the expected volatility of the underlying share.

(ii) Expected life was the expected remaining life of the convertible bonds.

(iii) Discount rate is derived based on yield of comparable bonds with similar credit ratings applicable for the Company, after adjustments for country risk premium, illiquidity, etc.

37. CORPORATE BOND

On 8 December 2014, the Company issued a six-year semi-annual coupon corporate bond with principal amount of HK$10,400,000 (equivalent to approximately RMB8,268,000) carrying interest at 7% per annum, before direct issue cost of approximately RMB1,262,000. The effective interest rate as at 31 December 2014 is 9.6%.

	Total RMB'000
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Issued during the year	8,268
Transaction costs	(1,262)
Imputed interest (note i)	121
Interest payable (note ii)	(38)
At 31 December 2014	7,089

Notes:

i) Imputed interest of RMB38,000 (2013: nil) and RMB83,000 (2013: nil) were recognised in finance costs and administrative expenses respectively during the year ended 31 December 2014.

ii) The accrued finance costs on the corporate bond of RMB38,000 (2013: nil) had been included in other payables under current liabilities as at 31 December 2014.

38. DEFERRED TAX ASSETS (LIABILITIES)

The analysis of deferred tax assets and deferred tax liabilities for financial reporting purposes is as follows:

	2014	2013
	RMB'000	RMB'000
Deferred tax assets	**14,045**	–
Deferred tax liabilities	**(17,537)**	(331)
	(3,492)	(331)

As at 31 December 2014, deferred tax assets of RMB1,615,000 (2013: nil) has been presented as an offset to deferred tax liabilities in the consolidated statement of financial position.

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting periods:

	Land appreciation tax	**Tax losses**	**Total**
	RMB'000	RMB'000	RMB'000
Deferred tax assets			
At 1 January 2013, 31 December 2013 and 1 January 2014	–	–	–
Arising on acquisition of a subsidiary	–	1,231	1,231
Credited to profit or loss	14,045	384	14,429
At 31 December 2014	14,045	1,615	15,660

	Properties under development	**Change in fair value of investment property**	**Land appreciation tax**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax liabilities				
At 1 January 2013	–	–	–	–
Charged to profit or loss	–	(331)	–	(331)
31 December 2013 and 1 January 2014	–	(331)	–	(331)
Arising on acquisition of a subsidiary	(16,635)	–	–	(16,635)
Charged to profit or loss	–	–	(2,186)	(2,186)
At 31 December 2014	(16,635)	(331)	(2,186)	(19,152)

38. DEFERRED TAX ASSETS (LIABILITIES) *(continued)*

At the end of reporting period, the Group has unused tax losses of approximately RMB27,978,000 (2013: RMB1,265,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB6,460,000 (2013: nil) of such loss. No deferred tax asset has been recognised in respect of the remaining losses of approximately RMB21,518,000 (2013: RMB1,265,000) due to the unpredictability of future profit streams. At 31 December 2014, approximately RMB791,000, RMB364,000, RMB350,000 and RMB5,637,000 (2013: nil) included in the above unused tax losses will expire after the year of assessment of 2016, 2017, 2018 and 2019 respectively. Other estimated tax losses may be carried forward indefinitely.

39. BUSINESS COMBINATIONS

For the year ended 31 December 2014

(a) Acquisition of subsidiary – Nanjing Tianyun

On 5 September, 2014, the Group entered into an agreement with independent third parties, 南京通路資產管理有限公司 and 南京長發都市房地產開發有限公司 to acquire an aggregate of 80% equity interests in Nanjing Tianyun, a company engaged in property development in the PRC, for a consideration of approximately RMB500,000,000 of which RMB156,000,000 was payable in February 2015 and carried as consideration payable at 31 December 2014 under current liabilities in the consolidated statement of financial position. The acquisition was completed on 15 October 2014.

	RMB'000
Consideration	
Cash consideration paid	344,000
Consideration payable (under current liabilities)	156,000
	500,000

Acquisition-related costs amounting to approximately RMB2,360,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 December 2014, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company consider that the acquisition of Nanjing Tianyun will benefit the Group through synergies and economies of scale. The acquisition of Nanjing Tianyun had been accounted for using the acquisition method.

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2014 *(continued)*

(a) Acquisition of subsidiary – Nanjing Tianyun *(continued)*

The fair value of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	Fair values RMB'000
Plant and equipment	2
Properties under development	1,029,787
Other receivables	424,457
Tax prepaid	252
Bank balances and cash	104,790
Trade and other payables	(26,552)
Receipts in advance and deposits received	(79,364)
Deferred tax liability	(15,404)
Bank and other borrowings	(526,990)
Total identifiable net assets	910,978
Less: non-controlling interests (at fair value) (note)	(173,000)
	737,978
Gain on bargain purchase	(237,978)
Total consideration	500,000
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	344,000
Less: cash and cash equivalents acquired	(104,790)
Net cash outflow arising on acquisition	239,210

The Group recognised a gain on a bargain purchase of approximately RMB237,978,000 in the consolidated statement of profit or loss or other comprehensive income for the year ended 31 December 2014. In the opinion of the directors of the Company, the gain on bargain purchase is mainly attributable to the immediate cash realisation and business risk mitigation opportunity offered to the vendors and the Group's capability in negotiating the terms of the transaction in favor of the Group with the vendors.

The fair value and the gross contracted amount of other receivables at the date of acquisition amounted to approximately RMB424,457,000. No estimated uncollectible contractual cash flows were expected at the acquisition date.

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2014 *(continued)*

(a) Acquisition of subsidiary – Nanjing Tianyun *(continued)*

From the date of the acquisition to 31 December 2014, Nanjing Tianyun contributed net loss of approximately RMB1,153,000 and no revenue to the Group for the year ended 31 December 2014.

Had the above acquisition been completed on 1 January 2014, the directors of the Company estimate that the consolidated revenue and consolidated net loss for the year ended 31 December 2014 would have been approximately RMB643,793,000 and approximately RMB1,105,422,000 respectively.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss of the Group had Nanjing Tianyun been acquired at the beginning of the current year, the directors of the Company have determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

Note: In accordance with the terms of the equity-transfer agreement, the non-controlling interests are not entitled to profit sharing of Nanjing Tianyun until its accumulated profits reach RMB300,000,000 within two years from the completion of the acquisition. Accumulated profits over RMB300,000,000 but less than RMB600,000,000 will be fully distributable to the non-controlling shareholders. Accumulated profits exceeding RMB600,000,000 will be distributable to all the equity interests proportionally according to the respective equity interests.

The non-controlling interests in Nanjing Tianyun recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK$173,000,000. The fair value of the non-controlling interests as at acquisition date is determined by the directors of the Company with reference to a valuation performed by an independent valuer, AVISTA by using asset valuation approach.

The valuation of the non-controlling interest is categorised into Level 3 of the fair value hierarchy. In estimating the fair value of the non-controlling interests, the directors of the Company have considered the significant unobservable inputs including the estimate of future profit streams of Nanjing Tianyun and the contractual profit sharing arrangement in the agreement.

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2014 *(continued)*

(b) Acquisition of subsidiaries – Fullshare Lujian Group

On 20 November, 2014, the Company entered into an agreement with an independent third party Jiangsu Sufeng Investment Company Limited*（江蘇蘇豐投資有限公司）to acquire the entire equity interest in Fullshare Lujian, a company with a wholly-owned subsidiary which are principally engaged in green building services in the PRC, for a cash consideration of approximately RMB200,000,000, of which RMB25,000,000 and RMB25,000,000 were payable in March 2016 and June 2017 respectively. Aggregate consideration of RMB50,000,000 remained unsettled at 31 December 2014 and was carried as consideration payables in the consolidated statement of financial position. The acquisition was completed on 15 December 2014.

	RMB'000
Consideration	
Cash consideration paid	150,000
Consideration payables, at fair value (under non-current liabilities)	43,758
	193,758

Acquisition-related costs amounting to approximately RMB713,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 December 2014, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company consider that the acquisition of Fullshare Lujian Group will benefit the Group through expected synergies and future market development. The acquisition of Fullshare Lujian Group had been accounted for using the acquisition method.

* *For identification purpose only*

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2014 *(continued)*

(b) *Acquisition of subsidiaries – Fullshare Lujian Group (continued)*

The fair value of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	Fair values
	RMB'000
Plant and equipment	544
Trade and other receivables	205,963
Amounts due from customers for contract work	8,930
Pledged bank deposit	10,000
Bank balances and cash	773
Trade and other payables	(33,926)
Total identifiable net assets	192,284
Goodwill (note 20)	1,474
Total consideration	193,758

Analysis of net cash flow of cash and cash equivalents arising on acquisition

Cash consideration paid	150,000
Less: cash and cash equivalents acquired	(773)
Net cash outflow arising on acquisition	149,227

The goodwill arising on the acquisition is not deductible for tax purposes.

Goodwill arose in the acquisition of Fullshare Lujian Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Fullshare Lujian Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The fair value and gross contracted amount of trade and other receivables at the date of acquisition amounted to approximately RMB205,963,000. No estimated uncollectible contractual cash flows were expected at the acquisition date.

From the date of the acquisition to 31 December 2014, Fullshare Lujian Group contributed net loss and revenue of approximately RMB41,000 and RMB12,553,000 respectively to the Group for the year ended 31 December 2014.

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2014 *(continued)*

(b) Acquisition of subsidiaries – Fullshare Lujian Group *(continued)*

Had the above acquisition been completed on 1 January 2014, the directors of the Company estimate that the consolidated revenue and consolidated net loss for the year ended 31 December 2014 would have been approximately RMB651,893,000 and approximately RMB1,102,733,000 respectively.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

For the year ended 31 December 2013

On 12 December 2013, Mighty Fame acquired the entire equity interest of Nanjing Fullshare Group and Nanjing Fullshare is treated as the acquirer for accounting purpose in the business combination under HKFRS 3 (Revised). Reverse acquisition accounting has been adopted to account for the Reverse Takeover Transaction, and accordingly these consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Nanjing Fullshare Group, and the results of the Existing Group have been consolidated since the completion date of the Reverse Takeover Transaction.

Details of the net assets of the Existing Group and goodwill arising from the Reverse Takeover Transaction are as follows:

	RMB'000
Purchase Consideration	
Consideration deemed to have been paid by the Nanjing Fullshare Group (note 2)	39,307
Less: Fair value of net assets acquired (note (i))	(6,327)
Goodwill	32,980

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2013 *(continued)*

Notes:

(i) The separately identifiable assets acquired and liabilities of the Existing Group as at the completion date of the Reverse Takeover Transaction were as follows:

	Acquiree's carrying amount and fair value
	RMB'000
Plant and equipment	13
Other receivables, prepayments and deposits	583
Bank balances and cash	3,673
Trade and other payables#	(4,812)
Assets classified as held for sale of the Disposal Group	11,014
Liabilities classified as held for sale of the Disposal Group	(4,144)
	6,327

Goodwill arose in the acquisition of the Existing Group because the cost of the combination included a control premium.

No goodwill arising on this acquisition is expected to be deductible for tax purposes.

\# The balance is after the amount of approximately RMB279,270,000 waived before the completion of the Reverse Takeover Transaction pursuant to the Debt Restructuring as detailed in note 2.

	RMB'000
Net cash outflow in respect of the Acquisition	
Cash consideration (Note)	390,381
Less: Bank balances and cash acquired	
– Existing Group, except asset held for sale	(3,673)
– from assets held for sale	(829)
	385,879

Note: The cash consideration of HK$500,000,000 (equivalent to approximately RMB390,381,000) represented the distribution of cash to Nanjing Fullshare Holding, the accounting acquirer's shareholder, at the date of completion.

Included in the loss for the year of approximately RMB327,626,000 was attributable to the additional business generated by the Existing Group. No revenue for the year was generated from the Existing Group.

Had the above acquisition been completed on 1 January 2013, the directors of the Company estimate that the consolidated revenue and consolidated profit for the year ended 31 December 2013 would have been approximately RMB859,393,000 and RMB2,074,000 respectively.

39. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2013 *(continued)*

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

40. DISPOSAL OF SUBSIDIARIES

As referred to in note 13, on 12 December 2013, the Group has disposed of the Disposal Group. The net assets of the Disposal Group at the date of disposal were as follows:

	RMB'000
Consideration received:	
Consideration received in cash	7,808

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	2,765
Inventories	3,223
Trade receivables	3,389
Other receivables, prepayments and deposits	808
Bank balances and cash	829
Trade and other payables	(4,144)
Net assets disposed of	6,870

	RMB'000
Result on disposal of a subsidiary:	
Goodwill derecognised upon disposal	(938)
Consideration received in cash	7,808
Net assets disposed of	(6,870)
	–

	RMB'000
Net cash inflow arising on disposal:	
Consideration received in cash	7,808
Less: Bank and cash balances disposed of	(829)
	6,979

41. RETIREMENT BENEFIT SCHEMES

The Group enrolled all Hong Kong employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF scheme, which contribution is matched by the employees.

The Group's subsidiaries operating in the PRC participate in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. These subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under these schemes.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately RMB2,761,000 (2013: RMB1,661,000) represents contributions payable to these schemes by the Group during the year ended 31 December 2014.

42. COMMITMENTS

a) Operating lease commitments

The Group as lessee

The Group leases certain of its offices under operating lease arrangements. The leases typically run for an initial period of three to six years. Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

At the end of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**5,047**	1,931
In the second to fifth years inclusive	**4,594**	2,396
Over five years	**–**	301
	9,641	4,628

42. COMMITMENTS *(continued)*

a) Operating lease commitments *(continued)*

The Group as lessor

Property rental income earned during the year was approximately RMB1,262,000 (2013: nil). The Group lease its investment properties under operating lease arrangement. Lease is negotiated for a term of two years (2013: nil) with fixed rentals through out the rental period.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014 RMB'000	2013 RMB'000
Within one year	2,623	–
In the second to fifth years inclusive	2,424	–
	5,047	–

b) Capital commitments

At the end of the reporting period, the Group had the following capital commitments for properties under development and acquisition of a subsidiary:

For properties under development

	2014 RMB'000	2013 RMB'000
Authorised but not contracted for	1,010,521	1,351,191
Contracted but not provided for in the consolidated financial statements	654,323	446,738

For acquisition of a subsidiary

	2014 RMB'000	2013 RMB'000
Contracted but not provided for in the consolidated financial statements	667,000	–

43. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	2014	2013
	RMB'000	RMB'000
Properties under development	**1,074,534**	526,184
Pledged bank deposits	**11,947**	1,445
	1,086,481	527,629

44. CONTINGENT LIABILITIES

Guarantees in respect of mortgage facilities for purchasers of the Group's property units

	2014	2013
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**365,885**	485,887

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

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The fair value of the Group's financial guarantees has been assessed by Crowe Horwath (HK) Consulting & Valuation Limited (2013: CBRE Limited), an independent qualified valuer not connected to the Group.

The directors of the Company consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalty. Therefore the financial guarantees measured at fair value are immaterial, no provision has been made.

45. RELATED PARTIES TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions during the years ended 31 December 2014 and 2013:

Nature of transaction	Note	**2014 RMB'000**	2013 RMB'000
1. Purchase of construction materials from Jiangsu Fullshare Trading Development Co., Limited*（江蘇豐盛貿易發展有限公司）		**2,064**	10,580
2. Property management services provided by Nanjing Fullshare Energy Management Co., Limited*（南京豐盛能源管理有限公司）		**–**	89
3. Rental paid to Nanjing Fullshare Dazu Technology Co., Limited*（南京豐盛大族科技股份有限公司）("Nanjing Fullshare Technology")		**787**	787
4. Information technology service provided by Nanjing Fullshare Holding		**68**	98
5. Subletting rental income from Fullshare Group Limited	(i)	**1,196**	–
6. Waiver of interests on convertible bonds by Magnolia		**2,922**	–
7. Consultancy service provided by Jiangsu Province Green Building Technology Research Centre Co., Limited*（江蘇省綠色建築工程技術研究中心有限公司）		**130**	–
8. Decoration construction services to the model apartment by Jiangsu Anke Medical Systems Engineering Co., Limited*（江蘇安科醫療系統工程有限公司）		**99**	–

The above transactions are carried out at terms agreed by the Group and the respective counterparties, all of which are ultimately controlled by Mr. Ji, a substantial shareholder and a director of the Company. The transactions (3), (4), (5) and (7) of the above transactions fall within the definition of "connected transactions" or "continuing connected transactions" in Chapter 14A of the Listing Rules but these are de minius transactions which are exempt from the reporting, annual reviews, announcement and independent shareholders' approval requirements.

Note:

(i) The direct cost of the subletting rental income of the year is approximately RMB1,077,000.

* *For identification purpose only*

45. RELATED PARTIES TRANSACTIONS *(continued)*

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2014 RMB'000	2013 RMB'000
Short-term benefits	7,373	2,970
Post-employment benefits	186	284
	7,559	3,254

The remuneration of directors of the Company and key executives is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

a) General information of subsidiaries

Details of the principal subsidiaries held by the Company as at the end of reporting period is as follows:

Name of Subsidiary	Place of incorporation/ registration and operation	Paid up issued/ ordinary share capital	Percentage of equity attributable to the Company indirectly 31 December 2014	31 December 2013	Principal activities
Jiangsu Fullshare Property Limited* （江蘇省豐盛房地產開發有限公司） ("Jiangsu Fullshare")	The PRC	RMB400,000,000	100%	100%	Property development
Chongqing Tongjing Changhao Property Limited* （重慶同景昌浩置業有限公司） ("Chongqing Tongjing")	The PRC	RMB240,000,000	90%	90%	Property development
Nanjing Tianyun	The PRC	RMB865,000,000	80%	–	Property development
Fullshare Lujian	The PRC	RMB200,000,000	100%	–	Green building service

* *For identification purpose only*

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

a) General information of subsidiaries *(continued)*

Notes:

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

(ii) None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

At the end of the reporting period, the Company has other subsidiaries that are immaterial to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation or establishment	Number of subsidiaries 31 December 2014	Number of subsidiaries 31 December 2013
Investment holdings	The PRC	9	1
	Hong Kong	4	1
	BVI	3	–
Green building service	The PRC	2	–

b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of registration and operation	Paid up capital	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
			Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
Chongqing Tongjing	The PRC	RMB240,000,000	10%	10%	6,795	8,366	34,624	27,829
Nanjing Tianyun	The PRC	RMB865,000,000	20%	N/A	–	NA	173,000	NA
					6,795	8,366	207,624	27,829

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

The summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests before intragroup eliminations:

Chongqing Tongjing	31 December 2014 RMB'000	31 December 2013 RMB'000
Current assets	509,108	644,874
Non-current assets	20,357	6,717
Current liabilities	182,895	372,965
Non-current liabilities	331	331
Equity attributable to owners of the Company	311,615	250,466
Non-controlling interests	34,624	27,829

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Revenue and other income	411,787	442,489
Expenses	(343,842)	(358,825)
Profit for the year	67,945	83,664
Profit and other comprehensive income attributable to owners of the Company	61,150	75,298
Profit and other comprehensive income attributable to the non-controlling interests	6,795	8,366
Profit and other comprehensive income for the year	67,945	83,664
Net cash inflow from operating activities	90,790	44,747
Net cash inflow (outflow) from investing activities	5,199	(182)
Net cash outflow from financing activities	(42,500)	(96,202)
Net cash inflow (outflow)	53,489	(51,637)

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Nanjing Tianyun	31 December 2014 RMB'000
Current assets	1,567,111
Non-current assets	1,616
Current liabilities	708,802
Equity attributable to owners of the Company	686,925
Non-controlling interests	173,000

	From 15 October to 31 December 2014 RMB'000
Revenue and other income	86
Expenses	(1,239)
Loss for the period	(1,153)
Loss and other comprehensive expense attributable to owners of the Company	(1,153)
Loss and other comprehensive expense for the period	(1,153)
Net cash inflow from operating activities	201,215
Net cash outflow from investing activities	(230,000)
Net cash outflow from financing activities	(47,369)
Net cash outflow	(76,154)

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Investments in subsidiaries, unlisted	a	–	–
Plant and equipment		1,186	13
		1,186	13
Current assets			
Prepayment		507	–
Deposits		1,003	583
Amounts due from subsidiaries	b	874,501	390,429
Bank balances and cash		73,303	11,442
		949,314	402,454
Current liabilities			
Other payables		6,360	7,530
Amount due to a shareholder	c	8,815	–
		15,175	7,530
Net current assets		934,139	394,924
Total assets less current liabilities		935,325	394,937
Capital and reserves			
Share capital	d	107,930	16,474
Reserves	d	820,306	(304,784)
Total equity (capital deficiency)		928,236	(288,310)
Non-current liabilities			
Convertible bonds		–	683,247
Corporate bond		7,089	–
Total equity (capital deficiency) and non-current liabilities		935,325	394,937

Notes:

(a) Investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

(b) **Amounts due from subsidiaries**

The amounts are unsecured, non-interest bearing and repayable on demand.

(c) **Amount due to a shareholder**

The amount is unsecured, non-interest bearing and repayable within one year.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes: *(continued)*

(d) Movement in share capital and reserves

	Ordinary share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2013	3,295	66,261	82,603	(454,102)	(301,943)
Open offer	13,179	52,717	–	–	65,896
Loss and total comprehensive expenses for the year	–	–	–	(52,263)	(52,263)
At 31 December 2013 and 1 January 2014	16,474	118,978	82,603	(506,365)	(288,310)
Issue of shares upon conversion of convertible bonds	79,829	1,963,536	–	–	2,043,365
Issue of shares under placing	11,627	530,359	–	–	541,986
Expenses on placing shares	–	(2,349)	–	–	(2,349)
Loss and total comprehensive expenses for the year	–	–	–	(1,366,456)	(1,366,456)
Reduction of share premium	–	(1,872,821)	–	1,872,821	–
At 31 December 2014	107,930	737,703	82,603	–	928,236

48. MAJOR NON CASH TRANSACTION

During the year ended 31 December 2014, all the convertible bonds have been converted into ordinary shares of the Company. Details have been set out in note 36.

49. EVENTS AFTER THE REPORTING PERIOD

Acquisitions of subsidiaries

(a) On 8 December 2014, Nanjing Fengli Equity Investment Enterprise*（南京豐利股權投資企業）(“Nanjing Fengli”) and Jiangsu Fullshare, the wholly-owned subsidiaries of the Company, entered into a share transfer agreement with Nanjing Fullshare Holding and Nanjing Xinmeng Asset Management Limited*（南京新盟資產管理有限公司）, which directly held 99% and 1% of the issued share capital in Nanjing Fullshare Technology respectively, to acquire respective issued share capital in Nanjing Fullshare Technology respectively for an aggregated cash consideration of RMB667,000,000. Nanjing Fullshare Technology is principally engaged in real estate development and sale in PRC. Further details regarding the transaction are set out in the Company's announcement and circular dated 8 December 2014 and 30 December 2014 respectively.

The acquisition was approved by the shareholders of the Company on 16 January 2015 and completed on 19 January 2015.

* *For identification purpose only*

49. EVENTS AFTER THE REPORTING PERIOD *(continued)*

Acquisitions of subsidiaries *(continued)*

(a) *(continued)*

The initial accounting for the acquisition of the Nanjing Fullshare Technology remained incomplete pending the determination of fair values of certain identified assets of Nanjing Fullshare Technology. In the opinion of the directors of the Company, these assets represent a substantial portion of the value of the net identifiable assets and liabilities of Nanjing Fullshare Technology and will have a determining effect on the amount of reserve to be recognised. As there is no reasonable basis in which the directors of the Company can estimate the provisional values of these assets, the assets and liabilities information of Nanjing Fullshare Technology as at the acquisition date are not disclosed in these consolidated financial statements.

(b) On 20 January 2015, Nanjing Fengli and Nanjing Fullshare, the wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with Nanjing Huigu, which directly held 100% equity interest in Jiangsu Anjiali, to acquire 99% and 1% equity interests of Jiangsu Anjiali and its subsidiaries respectively for an aggregate cash consideration of RMB438,000,000. Jiangsu Anjiali is principally engaged in development and sales of real estate in PRC. Further details regarding the transaction are set out in the Company's announcement and circular dated 20 January 2015 and 10 February 2015 respectively.

The acquisition was completed on 12 February 2015.

The initial accounting for the acquisition of the Jiangsu Anjiali remained incomplete pending the determination of fair values of certain identified assets of Jiangsu Anjiali. In the opinion of the directors of the Company, these assets will represent a substantial portion of the value of the net identifiable assets and liabilities of Jiangsu Anjiali and will have a determining effect on the amount of goodwill or excess over costs to be recognised. As there is no reasonable basis in which the directors of the Company can estimate the provisional values of these assets, the assets and liabilities information of Jiangsu Anjiali as at the acquisition date are not disclosed in these consolidated financial statements.

49. EVENTS AFTER THE REPORTING PERIOD *(continued)*

Share transfer

On 9 January 2015, Magnolia has entered into a conditional transfer agreement to transfer 961,538,450 shares of the Company to Superb Colour Limited (the "Transferee"), an independent third party of the Company, (the "Share Transfer"), representing approximately 7.09% in the issued share capital of the Company as at 9 January 2015 at a consideration of HK$499,999,994. Upon completion of the Share Transfer, the Transferee will become the second largest shareholder of the Company.

Pledge of the land use right

On 13 February 2015, Nanjing Fullshare Technology agreed to pledge the land use right with a total site of 48,825.47 sq.m. located in Nanjing, Jiangsu Province, PRC as a collateral in respect of the restructured debt in the principal amount of approximately RMB519,000,000 due to Zhejiang Province Branch of China Huarong Asset Management Co., Limited*（中國華融資產管理股份有限公司浙江省分公司）by Shandong JinBaiLi Development Company Limited*（山東金百利房地產開發有限公司）and China Zhengxin Group Company Limited*（中國正信（集團）有限公司）(each being the independent third parties) for a term of eighteen months up to August 2016 with interest rate of 13.5% per annum.

Proposed acquisition of the subsidiaries and the intellectual properties

On 20 March 2015, Fullshare Lujian, a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the "MOU") with Nanjing Fullshare Energy Science&Technology Company Limited*（南京豐盛新能源科技股份有限公司）("Nanjing Fullshare Energy"), a connected party which is controlled by Mr. Ji, in relation to the proposed acquisition of the equity interests of the certain subsidiaries of Nanjing Fullshare Energy and the intellectual properties (the "Proposed Acquisition").

As at the date of approval of these consolidated financial statements, no formal agreement had been entered into between the Group and the Nanjing Fullshare Energy in respect of the Proposed Acquisition. Details of the MOU are set out in the Company's announcement dated 22 March 2015.

Project entrustment contract

On 27 March 2015, the Group had entered into a project entrustment contract (the "Contract") with Hainan Chambow Happy City Development Limited*（海南千博樂城開發有限公司）, an independent third party, for construction, operation, management and services in respect of the Happy Island project (the "Happy Island Project") in the PRC. Pursuant to the Contract, the Group is fully entrusted to take charge of the construction, operation, management and services for the Happy Island Project. Details have been set out in the Company's announcement dated 27 March 2015.

* *For identification purpose only*

Financial Summary

RESULTS

	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000 (restated)	2013 RMB'000	**2014** **RMB'000**
Turnover	111,634	310,933	399,140	859,393	**643,793**
Profit (loss) before taxation	20,760	125,500	107,391	(113,255)	**(1,058,591)**
Taxation	(8,027)	(47,610)	(73,994)	(88,083)	**(44,268)**
Profit (loss) for the year from continuing operations	12,733	77,890	33,397	(201,338)	**(1,102,859)**
Loss for the year from discontinued operation	–	–	–	(32,042)	**–**
Profit (loss) for the year	12,733	77,890	33,397	(233,380)	**(1,102,859)**
Attributable to:					
Equity holders of the Company	12,915	76,693	30,466	(241,746)	**(1,109,654)**
Non-controlling interests	(182)	1,197	2,931	8,366	**6,795**
	12,733	77,890	33,397	(233,380)	**(1,102,859)**

ASSETS AND LIABILITIES

	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000 (restated)	2013 RMB'000	**2014** **RMB'000**
Total assets	1,685,762	1,744,279	1,681,096	1,465,497	**3,168,642**
Total liabilities	(1,526,573)	(1,513,701)	(1,291,387)	(1,660,242)	**(1,710,244)**
Total equity (capital deficiency)	159,189	230,578	389,709	(194,745)	**1,458,398**
Attributable to:					
Equity holders of the Company	129,117	188,455	370,246	(222,574)	**1,250,774**
Non-controlling interests	30,072	42,123	19,463	27,829	**207,624**
	159,189	230,578	389,709	(194,745)	**1,458,398**

Note: The figures for the years 2010, 2011, 2012 and 2013 have been prepared as a continuation of the consolidated financial statements of Nanjing Fullshare Asset Management Limited, being the acquirer of the Company for accounting purpose in a very substantial acquisition and reverse takeover completed on 12 December 2013, throughout the four years and please refer to note 2 in the Notes to the Consolidated Financial Statements for details.