Longfor Properties Co. Ltd.
龍 湖 地 產 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 960)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2014

FINANCIAL SUMMARY

- Contracted sales increased by 2% to RMB49.05 billion as compared with that of last year.
- Revenue increased by 22.8% to RMB50.99 billion as compared with that of last year, of which the rental income from the property investment business increased by 38.1% to RMB 880 million.
- Profit attributable to shareholders was RMB 8.35 billion. Excluding minority interest and revaluation gains, core profit was RMB 6.61 billion. Core net profit margin attributable to shareholders was 13.0%.
- The net debt to equity ratio (net debt divided by total equity) was 57.1%. Cash on hand was RMB19.04 billion.
- Total consolidated borrowings amounted to RMB47.74 billion. Average cost of borrowing decreased from 6.58% to 6.4% per annum. Average maturity period of loan was 4.5 years.
- Fully diluted earnings per share were RMB1.52. The Board recommends a final dividend of RMB0.284 per share.

ANNUAL RESULTS

The Board of Directors (the "Board') of Longfor Properties Co., Ltd. ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2014 with comparative figures for the preceding financial year, are follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	NOTES	**2014**	**2013**
		RMB'000	*RMB'000*
Revenue	2	50,990,678	41,510,167
Cost of sales		(37,474,835)	(29,971,959)
Gross profit		13,515,843	11,538,208
Other income	3	319,766	453,586
Other (losses) gains	4	(653,269)	324,719
Fair value gain upon transfer to investment properties		363,695	71,362
Change in fair value of investment properties		2,190,573	2,521,127
Selling and marketing expenses		(1,065,247)	(887,256)
Administrative expenses		(1,297,848)	(1,084,336)
Finance costs	5	(22,537)	(39,434)
Share of results of joint ventures		275,646	320,678
Profit before taxation		13,626,622	13,218,654
Income tax expense	6	(4,876,244)	(4,582,788)
Profit for the year	7	8,750,378	8,635,866
Profit attributable to:			
Owners of the Company		8,353,632	8,037,222
Non-controlling interests		396,746	598,644
		8,750,378	8,635,866

	NOTES	2014	2013
		RMB'000	RMB'000
Earnings per share, in RMB			
Basic	9	1.53	1.48
Diluted	9	1.52	1.46
Profit for the year		8,750,378	8,635,866
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on hedging instruments		397,180	(100,664)
(Gain) loss on retranslating hedging instruments		(118,995)	85,205
		278,185	(15,459)
Total comprehensive income for the year		9,028,563	8,620,407
Total comprehensive income attributable to:			
Owners of the Company		8,631,817	8,021,763
Non-controlling interests		396,746	598,644
		9,028,563	8,620,407

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2014

	NOTES	**2014**	**2013**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Investment properties		33,361,500	23,813,400
Property, plant and equipment		190,095	184,831
Prepaid lease payments		14,940,036	11,602,243
Interests in associates		8,499	1
Interests in joint ventures		3,295,220	3,100,559
Available-for-sale investments		8,600	8,600
Deposits paid for acquisition of land use rights		4,958,938	5,653,024
Derivative financial instruments		184,441	—
Deferred taxation assets		1,271,972	1,063,481
		58,219,301	45,426,139
CURRENT ASSETS			
Inventories		765,833	760,649
Properties under development for sales		68,090,667	65,368,224
Properties held for sales		10,265,598	10,963,251
Accounts, bills and other receivables, deposits and prepayments	10	5,667,815	4,343,422
Amounts due from joint ventures		2,872,828	7,431
Taxation recoverable		3,237,633	2,626,762
Pledged bank deposits		242,069	276,914
Bank balances and cash		18,794,481	14,399,175
		109,936,924	98,745,828

	NOTES	2014	2013
		RMB'000	RMB'000
CURRENT LIABILITIES			
Accounts and bills payables, deposits received and accrued charges	11	54,490,142	53,664,636
Amounts due to joint ventures		2,322,529	1,343,571
Taxation payable		9,576,795	8,511,214
Bank and other borrowings - due within one year		7,972,731	9,067,212
		74,362,197	72,586,633
NET CURRENT ASSETS		35,574,727	26,159,195
TOTAL ASSETS LESS CURRENT LIABILITIES		93,794,028	71,585,334
CAPITAL AND RESERVES			
Share capital		505,814	476,822
Reserves		47,258,111	36,506,823
Equity attributable to owners of the Company		47,763,925	36,983,645
Non-controlling interests		2,508,078	2,791,774
TOTAL EQUITY		50,272,003	39,775,419
NON-CURRENT LIABILITIES			
Bank and other borrowings - due after one year		32,193,616	18,460,950
Senior notes		7,574,953	10,174,918
Derivative financial instruments		2,077	214,816
Deferred taxation liabilities		3,751,379	2,959,231
		43,522,025	31,809,915
		93,794,028	71,585,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB").

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments *to* IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. Aside from the additional disclosures, the application of the amendments has had no material impact on the amounts recognised in the consolidated financial statements.

The directors of the Company concluded that the application of the other new and revised IFRSs in the current year has had no material effect on the amounts and disclosures set out in these consolidated financial statements.

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

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010 - 2012 Cycle[6]

Amendments to IFRSs	Annual Improvements to IFRSs 2011 - 2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 - 2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after January 1, 2018
2 Effective for first annual IFRS financial statements beginning on or after January 1, 2016
3 Effective for annual periods beginning on or after January 1, 2017
4 Effective for annual periods beginning on or after July 1, 2014
5 Effective for annual periods beginning on or after January 1, 2016
6 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

IFRS 9 *Financial Instruments*

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 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 contractual 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 FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 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, IFRS 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 IAS 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.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets. The directors of the Company are in the process of ascertaining the financial impact.

IFRS 15 *Revenue from Contracts with Customers*

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

The core principle of IFRS 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 IFRS 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 IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 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 IFRS 15 until the Group performs a detailed review.

Annual Improvements to IFRSs 2010-2012 Cycle

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

The amendments to IFRS 2 (i) change the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements 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 IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 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. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company are in the process of ascertaining the financial impact on application of the amendments included in the Annual Improvements to IFRSs 2010-2012 cycle.

Annual Improvements to IFRSs 2011-2013 Cycle

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

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 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, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 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 IAS 40; and

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

The directors of the Company are in the process of ascertaining the financial impact on application of the amendments included in the Annual Improvements to IFRSs 2011-2013 cycle.

Annual Improvements to IFRSs 2012-2014 Cycle

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

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to IFRS 7 *Disclosure - Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with *IAS 34 Interim Financial Reporting*.

The amendments to IAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to IAS 34 clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company are on the process of ascertaining the financial impact on application of the amendments included in the Annual Improvements to IFRSs 2012 - 2014 cycle.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment develops and sells office premises, commercial and residential properties. All of the Group's activities in this regard are carried out in the PRC.

- Property investment: this segment leases investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio mainly comprises retail properties and are all located in the PRC.

- Property management and related services: this segment mainly represents the income generated from property management. Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the revenue, results, assets and liabilities attributable to each operating segment on the following bases:

Segment assets include all tangible assets and current assets directly attributable to each segment with the exception of certain property, plant and equipment, prepaid lease payments, deposits paid for acquisition of land use rights, interests in associates and joint ventures, available-for-sale investments, deferred taxation assets, taxation recoverable, derivative financial instruments and other corporate assets. Other corporate assets are not allocated to the operating segments because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the chief operating decision maker. Segment liabilities include trade payables and accrued expenditure on construction and bills payables, deposits received and receipt in advance from property sales, and other payables but exclude taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes, derivative financial instruments and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on a group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's joint ventures.

The measure used for reporting segment profit is adjusted earnings before interest, taxes, depreciation, share of results of joint ventures, change in fair value of investment properties and upon transfer to investment properties, and finance costs ("Adjusted Earnings"), where "interest" is regarded as including investment income and "depreciation" is regarded as including impairment losses on non-current assets. To arrive at Adjusted Earnings the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating segments is set out below.

	Year ended December 31, 2014			
	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	49,288,633	876,321	825,724	50,990,678
Inter-segment revenue	—	—	216,320	216,320
Segment revenue	49,288,633	876,321	1,042,044	51,206,998
Segment profit (Adjusted Earnings)	11,395,730	705,497	349,369	12,450,596
Segment assets	84,865,137	17,863,378	63,833	102,792,348
Segment liabilities	49,195,792	184,647	6,840	49,387,279

	Year ended December 31, 2013			
	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	40,223,854	634,599	651,714	41,510,167
Inter-segment revenue	—	—	106,032	106,032
Segment revenue	40,223,854	634,599	757,746	41,616,199
Segment profit (Adjusted Earnings)	9,891,021	503,109	256,823	10,650,953
Segment assets	81,571,233	10,983,516	24,274	92,579,023
Segment liabilities	50,058,624	189,262	16,646	50,264,532

Other segment information

	Property development	Property investment	Property management and related services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment assets:				
2014				
Additions to non-current assets (Note)	44,022	3,806,869	1,141	3,852,032
2013				
Additions to non-current assets (Note)	34,462	2,227,658	5,420	2,267,540

Note: Amounts comprise additions to investment properties and property, plant and equipment.

In addition to receiving segment information concerning segment profit, the chief operating decision maker is provided with information concerning the Group's consolidated amount of interests in associates and related share of results (if any), interests in joint ventures and related share of results, changes in fair value of investment properties and upon transfer to investment properties, other income, other (losses) gains, finance costs from borrowings, depreciation and impairment losses (if any) which are not allocated to operating segments.

(b) Reconciliations of segment revenues, profit or loss, assets and liabilities

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Segment revenue	51,206,998	41,616,199
Elimination of inter-segment revenue	(216,320)	(106,032)
Consolidated revenue	50,990,678	41,510,167
Profit		
Segment profit	12,450,596	10,650,953
Other income	319,766	453,586
Other (losses) gains	(653,269)	324,719
Fair value gain upon transfer to investment properties	363,695	71,362
Change in fair value of investment properties	2,190,573	2,521,127
Finance costs	(22,537)	(39,434)
Share of results of joint ventures	275,646	320,678
Depreciation	(55,326)	(39,210)
Unallocated expenses	(1,242,522)	(1,045,127)
Consolidated profit before taxation	13,626,622	13,218,654
Assets		
Segment assets	102,792,348	92,579,023
Cumulative change in fair value of investment properties	15,549,160	12,854,650
Prepaid lease payments	14,940,036	11,602,243
Interests in associates	8,499	1
Interests in joint ventures	3,295,220	3,100,559
Available-for-sale investments	8,600	8,600
Deposits paid for acquisition of land use rights	4,958,938	5,653,024
Deferred taxation assets	1,271,972	1,063,481
Derivative financial instruments	184,441	—
Taxation recoverable	3,237,633	2,626,762
Unallocated head office and other assets	21,909,378	14,683,624
Consolidated total assets	168,156,225	144,171,967
Liabilities		
Segment liabilities	49,387,279	50,264,532
Taxation payable	9,576,795	8,511,214
Deferred taxation liabilities	3,751,379	2,959,231
Bank and other borrowings	40,166,347	27,528,162
Senior notes	7,574,953	10,174,918
Derivative financial instruments	2,077	214,816
Unallocated head office and other liabilities	7,425,392	4,743,675
Consolidated total liabilities	117,884,222	104,396,548

(c) Revenue from major product and services

The following is an analysis of the Group's revenue from its properties sold, properties invested and services provided:

	2014	2013
	RMB'000	*RMB'000*
Sales of properties	49,288,633	40,223,854
Leasing of properties	876,321	634,599
Provision of property management services	825,724	651,714
	50,990,678	41,510,167

(d) Geographic information

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers		Non-current assets	
	2014	2013	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chongqing	8,697,136	10,454,706	16,764,372	15,100,732
Beijing	12,547,158	6,215,618	8,076,697	6,487,691
Chengdu	4,049,623	5,538,354	7,671,377	6,181,143
Hangzhou	5,509,648	4,502,021	4,455,218	2,489,639
Sunan	4,042,102	4,300,614	1,152,468	1,148,058
Yantai	3,838,381	1,101,061	3,583,854	3,585,676
Xi'an	3,363,609	2,478,612	1,136,237	745,001
Other cities in the PRC	8,943,021	6,919,181	13,914,065	8,616,118
	50,990,678	41,510,167	56,754,288	44,354,058

Note: Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with a single external customer amounts to 10% or more of the Group's revenue.

3. OTHER INCOME

	2014	**2013**
	RMB'000	*RMB'000*
Interest income	145,929	116,039
Dividend income from unlisted available-for-sale investments	600	1,310
Government subsidies	56,417	252,594
Penalty income (Note)	40,692	32,552
Sundry income	76,128	51,091
Total	319,766	453,586

Note: It represents penalty received from property buyers who do not execute sales and purchase agreement on property sales.

4. OTHER (LOSSES) GAINS

	2014	**2013**
	RMB'000	*RMB'000*
Impairment loss of properties held for sales	(310,013)	—
(Loss) gain on disposal of property, plant and equipment	(1,031)	28,300
Net exchange (loss) gain (Note)	(195,092)	381,624
Reclassification of fair value gain (loss) of hedging instrument from hedging reserve	118,995	(85,205)
Loss on early redemption of senior notes	(266,128)	—
	(653,269)	324,719

Note: It represents exchange difference arising from bank balances, bank borrowings and senior notes, original currencies of which are either Hong Kong Dollar ("HKD") or United States Dollar ("USD").

5. FINANCE COSTS

	2014 *RMB'000*	2013 *RMB'000*
Interest on bank and other borrowings		
Wholly repayable within five years	(2,134,846)	(1,768,110)
Not wholly repayable within five years	(76,784)	(26,208)
Interest expense on senior notes	(584,073)	(833,871)
Less: Amount capitalised to properties under development	2,773,166	2,588,755
	(22,537)	(39,434)

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 7.25% (2013: 7.5%) per annum for the year ended December 31, 2014, to expenditure on the qualifying assets.

6. INCOME TAX EXPENSE

	2014 *RMB'000*	2013 *RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")	(2,924,334)	(2,359,979)
PRC Land Appreciation Tax ("LAT")	(1,623,781)	(1,793,609)
	(4,548,115)	(4,153,588)
Overprovision in prior years:		
LAT*	255,528	47,384
	(4,292,587)	(4,106,204)
Deferred taxation		
Current year	(583,657)	(476,584)
	(4,876,244)	(4,582,788)

* The actual appreciation value of several property projects had been finalised and the development plan for a property project had been revised which differed from the management's estimated appreciation value made in prior years, resulting in an overprovision of LAT in respect of prior years.

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from January 1, 2008 onwards.

Certain of the Company's subsidiaries operating in the PRC are eligible for exemption from PRC EIT for both years.

Pursuant to the relevant PRC corporate income tax rules and regulations, preferential corporate income tax rates have been granted to certain PRC subsidiaries of the Company which were established in western regions and engaged in the encouraged business. These companies are subject to a preferential rate of 15% in 2014 (2013: 15%), subject to approval of the tax authority, if the annual income derived from the encouraged business is more than 70% of the annual total income.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Profit before taxation	13,626,622	13,218,654
PRC EIT at 25%	(3,406,656)	(3,304,664)
Tax effect of share of results of joint ventures	68,912	80,170
Tax effect of expenses not deductible for tax purposes (Note a)	(382,772)	(105,782)
Tax effect of income not taxable for tax purposes	2,389	3,149
LAT	(1,623,781)	(1,793,609)
Tax effect of LAT	405,945	448,402
Overprovision of LAT in prior years	255,528	47,384
Tax effect of tax losses not recognised	(180,616)	(465)
Effect of tax exemption and preferential rates granted to certain PRC subsidiaries	20,824	19,438
Withholding tax on retained profits to be distributed (Note b)	(55,921)	—
Withholding tax levied on dividend paid	21,046	23,189
Others	(1,142)	—
Tax charge for the year	(4,876,244)	(4,582,788)

Notes:

a. The amount mainly comprises the tax effect of non-deductible corporate expenses of the Group and the expenses of certain subsidiaries in excess of the allowable deduction limits in accordance with the relevant tax regulations.

b. According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal

Evasion with respect to Taxes on Income" and Guoshuifa 2008112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. The amount represents the withholding income tax provided on the undistributed profits arisen during the years ended December 31, 2014 of certain PRC subsidiaries.

7. PROFIT FOR THE YEAR

	2014	**2013**
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	4,253	4,049
Cost of property inventories included in cost of sales	36,614,815	26,936,011
Depreciation of property, plant and equipment	55,326	39,210
Loss (gain) on disposal of property, plant and equipment	1,031	(28,300)
Minimum lease payment of operating lease rentals	33,999	34,947
Staff costs		
Directors' emoluments (including equity-settled share-based payments)	75,048	88,414
Other staff costs		
Retirement benefit contributions	189,177	162,809
Equity-settled share-based payments	62,313	72,575
Other staff costs	1,278,560	1,025,534
Total staff costs	1,605,098	1,349,332
Less: Amount capitalised to properties under development	(653,341)	(623,878)
	951,757	725,454
Minimum lease income from investment properties	744,799	509,203
Contingent rental income	131,522	125,396
Less: direct expenses that generated rental income	(167,345)	(126,926)
	708,976	507,673
Share of tax of joint ventures (included in share of results of joint ventures)	184,620	241,995

8. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid in respect of 2013 of RMB0.228 (2013: in respect of 2012 of RMB0.2) per share	1,240,687	1,082,568

A final dividend of RMB1,650,000,000, representing RMB0.284 per share, in respect of the year ended December 31, 2014 (2013: final dividend of RMB1,241,000,000, representing RMB0.228 per share, in respect of the year ended December 31, 2013) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

9. EARNINGS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	8,353,632	8,037,222

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,457,822	5,437,386
Effect of dilutive potential ordinary shares in respect of - share options	23,398	55,935
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,481,220	5,493,321

For the year ended December 31, 2014, the share options granted on January 17, 2011 and November 4, 2014 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2014.

10. ACCOUNTS, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade and bills receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months in accordance with the terms in the tenancy agreements.

	2014	**2013**
	RMB'000	*RMB'000*
Trade receivables	1,367,739	362,725
Bills receivables	21,204	—
Other receivables, net of allowance for doubtful debts	1,217,094	860,994
Advances to suppliers	943,336	596,035
Prepaid business tax and other taxes	1,979,031	2,385,688
Prepayments and utilities deposits	139,411	137,980
	5,667,815	4,343,422

The following is an aged analysis of trade and bills receivables at the end of the reporting period based on invoice date:

	2014	**2013**
	RMB'000	*RMB'000*
Within 60 days	947,965	327,436
61 - 180 days	435,416	31,025
181 - 365 days	1,520	4,264
1 - 2 years	4,042	—
	1,388,943	362,725

At December 31, 2014, 2% (2013: 17%) of the trade and bills receivables are neither past due nor impaired and with satisfactory credit quality.

Included in the Group's accounts and bills receivable balance are trade receivables with a carrying amount of RMB1,356,516,000 (2013: RMB300,905,000) at December 31, 2014 which are past due at the end of the reporting period for which the Group has not provided for impairment as the Group has retained the legal titles of the properties sold to these customers and the estimated fair value of the relevant properties is expected to be higher than the outstanding receivable amount.

Ageing of trade receivables which are past due but not impaired:

	2014	2013
	RMB'000	*RMB'000*
Within 60 days	915,538	265,616
61 - 180 days	435,416	31,025
181 - 365 days	1,520	4,264
1 - 2 years	4,042	—
Total	1,356,516	300,905

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality.

Other receivables mainly comprise rental deposits, receivable of refund of the deposit for land auction, deposits for construction work, temporary payments and miscellaneous projects related deposits paid which are refundable upon maturity, of which, RMB12,000,000 (2013: RMB12,000,000) was impaired as at December 31, 2014 because the counterparties are in severe financial difficulties and the Group does not hold any collateral over these balances. The remaining balance was not yet due for repayment.

Movements in the allowance for doubtful debts on other receivables:

	2014	2013
	RMB'000	*RMB'000*
Balance at the beginning of the year and at the end of the year	12,000	12,000

11. ACCOUNTS AND BILLS PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2014	2013
	RMB'000	*RMB'000*
Trade payables and accrued expenditure on construction	12,140,210	7,078,610
Bills payables	1,922,210	10,424
Deposits received and receipt in advance from property sales	35,324,859	43,185,922
Other payables and accrued charges (Note)	5,102,863	3,389,680
	54,490,142	53,664,636

Note: Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, accrued salaries and accrued staff welfare.

Trade payables and accrued expenditure on construction and bills payables comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables and accrued expenditure on construction and bills payables at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Within 60 days	7,133,598	5,249,638
61 - 180 days	5,176,944	487,761
181 - 365 days	813,162	731,610
1 - 2 years	575,339	429,385
2 - 3 years	335,245	181,539
Over 3 years	28,132	9,101
	14,062,420	7,089,034

CHAIRMAN'S STATEMENT

I hereby present to the shareholders the business review and outlook of Longfor Properties Co. Ltd. (the "Company"), together with its subsidiaries (the "Group"), for the year ended December 31, 2014.

RESULTS

In 2014, the Group achieved contracted sales of RMB49.05 billion, representing a 2% growth over last year. Revenue was RMB50.99 billion, representing an increase of 22.8% over last year, of which rental income from investment properties amounted to around RMB880 million, representing an increase of 38.1%. Profit attributable to shareholders was RMB8.35 billion. Excluding minority interest and revaluation gains, core profit attributable to shareholders was RMB6.61 billion. Core net profit margin attributable to shareholders was 13.0%. The dividend payout ratio increased by 5% to 25% of core net profit.

REVIEW OF 2014

In early 2014, the PRC real estate market was in a state of significant demand supply imbalance in certain regions, which was exacerbated by tight liquidity conditions and a general wait-and-see attitude among homebuyers. Transaction volumes recovered somewhat in fourth quarter aided by the gradual easing of administrative controls, interest rate cut and the reduced mortgage restrictions, but volume for the full year was still lower than that of 2013. Although the industry as a whole was experiencing slower growth, the Company recorded contracted sales of RMB49.05 billion, representing a slight growth of 2%, with cash collection ratio maintained at a high level of around 90%. With the focus on strict discipline in sales and inventory management since 2013, the inventory level at the end of the period was been lowered year-on-year, and this has helped the Company to maintain a healthy portfolio of projects and active control of its sales strategy.

Land market activities have cooled down amid slower growth of the broader market, however, competition for land in first-tier cities and major second-tier cities remained keen. The Company has devoted much effort to identify value-added project sites and capitalize on investment opportunities. During the first and fourth quarter when competition in the land market was less fierce, the Company acquired 16 prime land plots at reasonable prices. During the period, the Group also successfully bought sites in Nanjing and Guangzhou, two new cities that were high on our strategic expansion priority. As such, the business of the Company has now expanded into 24 cities over five major regions, further improving the portfolio composition in terms of regional and segmental exposure.

During the year, the Company has set prudent annual targets and plan for capital expenditure in a rational manner. We have capitalized the financing window in a timely manner and secured a syndicated loan in March of HK$3.4 billion for a term of 5 years. In May, the Group made its first entry into the Renminbi bond (Dim Sum bond) market, and issued RMB2 billion for a tenor of 4 years, which was the largest scale and longest tenor on record. As at the end of the year, the Group has a historical high cash balance of RMB19.04 billion, with a relatively low effective interest cost of 6.4% and an average tenor extended to 4.5 years. With the gradual increase of funding costs in the offshore capital market and in view of potential depreciation risk of Renminbi, the Company has put more focus in exploring funding opportunities onshore. In December 2014, we attained AAA credit rating in China, and we are one of a few non-SOE developers with an investment grade rating. This will pave the way for future onshore funding opportunities.

The commercial property business segment saw total revenue growth of 38.1%, thanks to the Company’s focus on lifestyle consumption, prime location of the assets and continual stable development in operation management. During the year, four investment property projects including Beijing Changying Paradise Walk successfully commenced operation as scheduled, which earmarked the launch of commercial properties of Longfor in first-tier cities. The Company is looking forward to the launch of Hangzhou Jinsha Paradise Walk and Shanghai Hongqiao Paradise Walk in the coming two years.

The Company remains committed in institutionalization, maintaining a distinct corporate culture that emphasizes equality, humility, open minded and self-improvement and transformation. During the period, the new managerial officers that joined the Group swiftly blended into the culture and system of Longfor. The Company will strive to continue to improve through aligning management philosophy, embracing the need to change and maintaining organizational discipline.

Longfor not only provides quality products and services to its customers, but is also committed to its social responsibilities as an outstanding corporate citizen. The New Year Gift program has been organising for the sixth consecutive year. During the year, we focused on micro-insurance aiming to aid the poor in the rural area. This is a pioneering program to help the less privileged, through the offering of financial services, and it benefited 10 less developed regions and counties with population of 100,000.

OUTLOOK FOR 2015

The current decline in transaction activities and divergent market development can be attributed to the structural issues with supply. The new government has reduced its involvement with administrative policies, and has a commitment to move towards a more market oriented policy approach. As such, the structural adjustment will not be completed in a short period of time. With the selling down of inventory and pent-up demand over the past ten months, we believe the market outlook for 2015 would improve relative to last year. However, a significant turnaround in both volume and price is unlikely. Under such circumstances, our focus is not placed on rate of growth in the short term, but to maintain healthy business operations and the ability to deliver sustainable growth.

Creating indispensable value for its customers is key for a good company. Today the real estate sector has evolved to a new phase, and it is important to remain focused on customers and customer research. In 2015, Longfor will continue to adopt a customer-oriented approach in making investment decisions, product positioning, and evaluating property management cost and service standards. We will develop our brand with a focus on comprehensive coverage and differentiation. We will actively make use of the information technology to improve the efficiency of existing management systems. We target to integrate the resources for our “residential properties”, “property management” and “investment properties” so as to create value for homebuyers through a one-stop service experience integrating residency, life style and consumption.

In terms of investment and operations, the Group will continue to adhere to a balanced approach in a compliant manner. We will focus on first tier and major second tier cities and direct resources to areas with strong execution track record. We will pay close attention to the changing macro economic conditions and remain selective on investment that will create the most value. We will further strengthen our sales and inventory management and construction cost competitiveness. Meanwhile, the Group will maintain an open attitude towards cooperative investments, but insisting on high standards and the opportunity to strengthen our capabilities. In doing so, we will attract high quality partners and projects that will enhance return for our shareholders.

We expect large scale population migration and city development in China will continue, and there will be ample room for growth for the Chinese real estate market. We had been lucky to be in the right industry at the right time. We firmly believe persistent and sustainable development is the key to survival in this industry, and not a race on the highest growth in the short term. Longfor will uphold its courage to transform, while maintaining humility and reverence. We will continue to deliver high quality products and strive to make the right decisions, and time will be the best judge.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

In 2014, revenue from property development business of the Group was RMB49.29 billion, representing an increase of 22.5% over last year. The Group delivered 4,759,158 square meters of property in GFA terms, of which 247,494 square meters were contributed from joint ventures. Gross profit margin of overall property development business decreased by 1.3% to 25.7% as compared with that of last year. Recognized average selling price was RMB10,925 per square meter in 2014.

Table 1: Breakdown of property development revenue by projects of the Group in 2014
** After deducting sales tax*

	City	**Revenue**		**Total GFA**	
		2014	**2013**	**2014**	**2013**
Project		*RMB'000*	*RMB'000*	*Sqm*	*Sqm*
Beijing Time Paradise Walk	Beijing	4,733,521	211,958	325,772	7,789
Hangzhou Chunjiang Land	Hangzhou	4,282,786	—	219,908	—
Yantai Banyan Bay	Yantai	3,502,389	1,099,855	274,162	73,150
Beijing Sunhe Hometown	Beijing	2,996,935	—	72,500	—
Chongqing Hilltop's Garden	Chongqing	2,832,854	—	367,453	—
Beijing Hill of Good Hope	Beijing	2,333,282	—	153,630	—
Beijing Changying Paradise Walk	Beijing	2,297,590	5,191,518	85,947	188,151
Chongqing Time Paradise Walk	Chongqing	2,142,148	1,950,548	121,579	140,610
Chengdu Jinnan Paradise Walk	Chengdu	1,676,459	—	126,751	—
Xiamen Island in the City	Xiamen	1,491,901	—	158,197	—
Changzhou Hongzhuang Project	Changzhou	1,397,885	683,456	196,885	57,374
Chongqing U2	Chongqing	1,372,978	1,789,499	229,815	272,319
Xi'an Waft Yard	Xi'an	1,303,000	—	132,301	—
Shanghai Azure Chianti (Bai Yin Lu)	Shanghai	1,227,825	999,709	68,813	66,822
Xi'an Crystal Town	Xi'an	1,196,634	—	156,856	—
Shanghai Hill of Good Hope	Shanghai	1,014,373	593,531	46,412	36,671
Chengdu Time Paradise Walk	Chengdu	941,460	1,986,851	124,478	200,244
Shenyang Fairy Castle	Shenyang	887,786	39,564	132,644	2,690
Qingdao Original	Qingdao	819,976	338,760	84,391	19,314
Changzhou Sunshine City	Changzhou	818,517	1,664,293	136,508	273,852
Ningbo Rose & Gingko Coast	Ningbo	722,815	752,412	76,048	92,658
Hangzhou Chianti Riverside	Hangzhou	663,341	1,151,607	118,844	118,830
Changzhou Original	Changzhou	643,441	1,244,751	86,373	119,853
Qingdao Rose & Gingko Coast	Qingdao	602,695	1,559,976	88,277	156,500

Project	City	Revenue		Total GFA	
		2014	2013	2014	2013
		RMB'000	*RMB'000*	*Sqm*	*Sqm*
Chengdu North Paradise Walk	Chengdu	575,804	1,704,542	85,736	198,397
Xi'an Chianti	Xi'an	571,089	1,691,272	96,446	225,485
Jinjiang Ascension to the Throne	Quanzhou	556,800	—	50,793	—
Shenyang Hua Qian Shu	Shenyang	550,768	—	66,040	—
Yixing Hilltop's Garden	Yixing	525,450	—	46,020	—
Chongqing Hometown	Chongqing	490,882	—	62,834	—
Chengdu Flamenco Spain	Chengdu	465,762	767,971	97,718	154,177
Shaoxing Hometown	Shaoxing	441,073	626,271	25,486	37,832
Qingdao Peace Hill County	Qingdao	421,142	272,956	51,790	26,588
Chongqing Chunsen Land	Chongqing	387,352	275,518	63,430	37,229
Wuxi Fragrance Chianti	Wuxi	338,363	—	29,899	—
Yantai Banyan Bay Rose & Gingko Coast	Yantai	325,565	—	15,103	—
Chongqing Toschna Villa	Chongqing	258,592	2,474,805	45,501	361,290
Wuxi Rose and Ginkgo Villa	Wuxi	234,616	274,276	41,791	30,827
Shanghai Rose and Ginkgo Villa	Shanghai	216,037	221,957	10,022	10,336
Qingdao F Plot	Qingdao	168,156	609,995	21,403	67,833
Xi'an Fairy Starry Street	Xi'an	150,513	—	10,408	—
Hangzhou Rose and Gingko Villa	Hangzhou	112,104	2,716,612	13,869	192,639
Xi'an MOCO	Xi'an	110,478	691,484	15,749	104,145
Chengdu Peace Hill County	Chengdu	98,294	784,494	13,820	102,484
Shenyang Chianti	Shenyang	75,640	368,417	14,017	83,002
Chongqing Peace Hill County	Chongqing	54,900	384,120	9,448	62,794
Wuxi Jiu Shu	Wuxi	53,654	291,539	5,105	34,650
Others		203,008	4,809,338	34,692	574,247
Total		**49,288,633**	**40,223,855**	**4,511,664**	**4,130,782**

The Group achieved contracted sales of RMB49.05 billion in 2014, representing an increase of 2% as compared to last year. The Group sold 4,540,190 square meters in total GFA, representing an increase of 6.5% as compared to last year. Average selling price of GFA sold was RMB10,803 per square meter, representing a decrease of 4.3% as compared to last year. Contracted sales from regions of western China, Yangtze River Delta, Pan Bohai Rim, southern China and central China were RMB16.82 billion, RMB15.78 billion, RMB13.87 billion, RMB1.78 billion and RMB0.80 billion respectively, accounting for 34.3%, 32.2%, 28.3%, 3.6% and 1.6% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group in 2014
** Before deducting sales tax*

Project	City	Contracted sales *RMB mn*	Total GFA *Sqm*
Hangzhou Chunjiang Central	Hangzhou	2,581	117,970
Chongqing Ideal City	Chongqing	2,446	224,439
Beijing Rose & Gingko Mansion	Beijing	2,217	144,441
Beijing Sunhe Hometown	Beijing	1,959	56,511
Suzhou Time Paradise Walk	Suzhou	1,902	115,297
Chongqing Bamboo Grove	Chongqing	1,827	242,677
Hangzhou Chunjiang Land	Hangzhou	1,438	77,196
Chongqing U2	Chongqing	1,410	240,614
Chongqing First Avenue	Chongqing	1,218	47,671
Chengdu Jinnan Paradise Walk	Chengdu	1,126	82,330
Beijing Hill of Good Hope	Beijing	1,119	84,313
Shanghai Hongqiao Paradise Walk	Shanghai	1,101	28,231
Shanghai Azure Chianti (Bai Yin Lu)	Shanghai	1,066	54,816
Dalian Crystal Town	Dalian	1,058	64,902
Beijing Jade Mansion	Beijing	1,051	50,061
Xiamen Island in the City	Xiamen	1,041	78,225
Chongqing Time Paradise Walk	Chongqing	1,031	76,807
Chengdu Century Peak View	Chengdu	1,015	83,484
Hangzhou Ming Jing Tai	Hangzhou	976	69,193
Beijing Time Paradise Walk	Beijing	911	66,949
Chongqing La Défense	Chongqing	883	137,461
Shanghai Fairy Castle	Shanghai	871	41,805
Chengdu Time Paradise Walk	Chengdu	800	117,896
Changsha Wang Cheng	Changsha	800	115,723
Xi'an Chianti International	Xi'an	784	116,904
Changzhou Hongzhuang Project	Changzhou	779	116,472
Hangzhou Rose & Gingko Villa	Hangzhou	778	54,328
Chongqing Hometown	Chongqing	753	112,308
Jinan Ming Jing Tai	Jinan	700	92,832
Jinjiang Ascension to the Throne	Quanzhou	691	84,998
Kunming Crystal Sunshine City	Kunming	678	85,129
Shanghai Long Xing Lu	Shanghai	665	31,160
Chongqing Hilltop's Garden	Chongqing	650	86,571
Qingdao Peace Hill County	Qingdao	572	84,703
Shaoxing Hometown	Shaoxing	547	83,795
Beijing Great Wall Chinoiserie	Beijing	491	27,938
Yantai Banyan Bay	Yantai	485	40,682
Qingdao An Le	Qingdao	469	60,475
Shenyang Tangning ONE	Shenyang	463	61,831
Wuxi Jiu Shu	Wuxi	434	37,908
Shenyang Fairy Castle	Shenyang	433	67,905

Project	City	Contracted sales	Total GFA
		RMB mn	*Sqm*
Shanghai Fairy Bay	Shanghai	432	23,257
Qingdao Original	Qingdao	407	48,518
Chengdu Jinnan Walk Time	Chengdu	407	38,274
Xi'an Aerospace Town Plot	Xi'an	402	51,651
Ningbo Rose & Ginkgo Coast	Ningbo	400	48,791
Qingdao Rose & Gingko Coast	Qingdao	397	72,706
Shenyang Hua Qian Shu	Shenyang	360	41,877
Beijing Changying Paradise Walk	Beijing	339	11,133
Wuxi Fragnance Chianti	Wuxi	292	34,062
Hangzhou Chianti Riverside	Hangzhou	289	66,426
Yixing Hilltop's Garden	Yixing	286	24,563
Xi'an Crystal Town	Xi'an	256	28,234
Ningbo Ming Jing Tai	Ningbo	248	19,710
Chongqing Toschna Villa	Chongqing	230	36,436
Xi'an Waft Yard	Xi'an	220	22,497
Dalian Rose and Gingko Villa	Dalian	202	15,326
Shanghai Rose and Gingko Villa	Shanghai	168	7,606
Changzhou Sunshine City	Changzhou	159	33,032
Others		1,333	251,140
Total		**49,046**	**4,540,190**

As at December 31, 2014, the Group had RMB52.0 billion (derived from 4,820,000 square meters) sold but unrecognized contracted sales which formed a solid basis for the Group's future sustainable and stable growth in revenue.

PROPERTY INVESTMENT

The Group maintains a prudent property investment strategy. Currently, all investment properties of the Group are shopping malls under three major product series, namely Paradise Walk series, which are metropolitan shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are mid to high-end household and lifestyle shopping centers. As at December 31, 2014, the Group has investment properties of 1,245,137 square meters (1,588,437 square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 95.5%. Total rent reached about RMB930 million. Rental income, net of sales tax, was about RMB880 million, representing an increase of 38.1% as compared with last year. The series of Paradise Walk, Starry Street and MOCO accounted for 83.1%, 13.4% and 3.5% of the total rent respectively, and recorded increases of 42.2%, 20.8% and 21.0% respectively.

Table 3: Breakdown of rental income of the Group in 2014
** After deducting sales tax*

		2014			2013			
	GFA	Rental income *RMB'000*	% of Rental	Occupancy rate	Rental income *RMB'000*	% of Rental	Occupancy rate	Change of rental income
Chongqing North Paradise Walk	120,778	352,243	40.2%	98.7%	308,557	48.6%	100.0%	14.2%
Chongqing West Paradise Walk	76,031	131,258	15.0%	99.9%	108,907	17.2%	99.6%	20.5%
Chongqing Time Paradise Walk Phase 1	160,168	166,114	19.0%	92.7%	94,073	14.8%	92.2%	76.6%
Chongqing Time Paradise Walk Phase 2	154,460	202	0.0%	66.5%	—	—	—	—
Chengdu North Paradise Walk	215,536	59,976	6.8%	79.1%	329	0.1%	74.8%	18,129.8%
Chengdu Time Paradise Walk Phase 1	61,989	3,978	0.5%	78.6%	—	—	—	—
Beijing Changying Paradise Walk	221,286	14,266	1.6%	86.8%	—	—	—	—
Paradise Walk Subtotal	**1,010,248**	**728,037**	**83.1%**	**95.6%**	**511,866**	**80.7%**	**98.5%**	**42.2%**
Chongqing Crystal Castle	17,648	21,858	2.5%	97.2%	20,156	3.2%	90.6%	8.4%
Chengdu Three Thousand Mall	38,043	22,919	2.6%	93.7%	21,100	3.3%	83.4%	8.6%
Chongqing Chunsen	54,618	25,144	2.9%	82.3%	22,678	3.6%	93.0%	10.9%
Chongqing Fairy Castle	29,413	11,236	1.3%	100.0%	11,064	1.7%	100.0%	1.6%
Beijing Summer Palace	6,320	15,144	1.7%	100.0%	11,537	1.8%	97.9%	31.3%
Chongqing University City	15,516	7,072	0.8%	94.7%	4,518	0.7%	93.9%	56.5%
Xi'an Daxing Starry Street	44,227	6,790	0.8%	92.2%	—	—	—	—
Others	—	7,215	0.8%	N/A	6,135	1.0%	N/A	17.6%
Starry Street Substotal	**205,785**	**117,378**	**13.4%**	**93.7%**	**97,188**	**15.3%**	**92.3%**	**20.8%**
Chongqing MOCO	29,104	30,906	3.5%	99.2%	25,545	4.0%	100.0%	21.0%
MOCO Subtotal	**29,104**	**30,906**	**3.5%**	**99.2%**	**25,545**	**4.0%**	**100.0%**	**21.0%**
Total for projects that had commenced operation	**1,245,137**	**876,321**	**100.0%**	**95.5%**	**634,599**	**100.0%**	**97.6%**	**38.1%**

The Group has 7 shopping malls under construction with a total GFA of about 864,000 square meters.

Table 4: Breakdown of investment properties under construction of the Group in 2015 to 2018

	Estimated Commencement of Operation	Planned GFA
Hangzhou Jinsha Paradise Walk	2015	151,135
Chengdu Jinnan Paradise Walk	2015	92,192
Beijing Time Paradise Walk	2016	154,037
Shanghai Hongqiao Paradise Walk	2016	172,645
Chongqing Time Paradise Walk Phase III	2016	74,112
Chongqing Hometown Phase II	2017	103,499
Changzhou Longcheng Paradise Walk	2018	115,916
Projects under construction in total		**863,536**

Due to the commencement of construction of new investment properties, the valuation gain of investment properties of the Group amounted to RMB2.55 billion in 2014.

COST CONTROL

In 2014, in order to support its business development, the Group established management teams and recruited key posts personnel for newly-entered cities, such as Suzhou, Jinan, Guangzhou and Nanjing. The portion of the Group's general and administrative expenses to the total contract sales increased by 0.39% to 2.65% as compared with last year. Meanwhile, as there had been fluctuation in the market, the sales team pay extra focus on targeted marketing. The portion of sales expenses to the total contract sales increased by 0.33% to 2.17% as compared with last year. The portion of the Group's general and administrative expenses and sales expenses to revenue was almost the same as last year.

SHARE OF RESULTS OF JOINT VENTURES

Contribution of joint ventures ("JVs") in 2014 mainly came from the Group's 50.0%-owned Bamboo Grove Project in Chongqing and 75.0%-owned Century Peak View Project in Chengdu. These two projects delivered approximately 247,494 square meters. The attributable profit after tax of the Group in JVs was RMB280 million.

INCOME TAX EXPENSE

Income tax expenses comprised of PRC enterprise income tax and land appreciation tax. The enterprise income tax and the land appreciation tax of the Group in 2014 were RMB3.51 billion and RMB1.37 billion, respectively. The total income tax expenses for the period amounted to RMB4.88 billion.

PROFITABILITY

The core net profit margin of the Group (the ratio of profit attributable to equity shareholders excluding minority interest and revaluation gain to revenue) decreased from 15.0% of last year to 13.0%, which was mainly attributable to the fluctuation in the market resulting in the lower selling prices of projects and the provision of certain inventories in Shanghai.

LAND BANK REPLENISHMENT

As at December 31, 2014, the Group's total land bank was 34.92 million square meters or 32.84 million square meters on an attributable basis. The average unit land cost was RMB2,363 per square meter, accounting for 21.9% of unit price of current contracted sales. In terms of regional breakdown, land bank in Pan Bohai Rim, western China, Yangtze River Delta, southern China and central China accounted for 37.3%, 32.8%, 19.2%, 7.2% and 3.5% of the total land bank, respectively.

In 2014, the Group has acquired new land bank with total GFA of 3.11 million square meters, 44.9%, 22.4%, 19.1% and 13.6% of which are located in Yangtze River Delta, southern China, western China, and Pan Bohai Rim respectively. The average acquisition unit cost was RMB6,785 per square meter.

In 2014, the Group acquired presence in new cities, such as Nanjing, Guangzhou, and Foshan, which increased the number of cities covered by the Group from 21 at the end of last year to 24. The Group also strategically entered into southern China region. At the same time, moving the investment focus closer to city cores and controlling the project size laid a well foundation for improving the turnover cycle of the Group's properties available for sale.

The geographic spread of the land bank of the Group was as follows:

Table 5: Breakdown of land bank of the Group

Region	**City**	**Total GFA** *Sqm*	**% of Total**	**Attributable GFA** *Sqm*	**% of Total**
Pan Bohai Rim	Beijing	1,130,556	3.3%	719,174	2.2%
	Shenyang	2,245,388	6.4%	2,245,388	6.8%
	Qingdao	1,099,457	3.1%	1,099,457	3.3%
	Yantai	7,123,758	20.4%	7,123,758	21.7%
	Jinan	349,246	1.0%	349,246	1.1%
	Dalian	1,061,701	3.0%	716,124	2.2%
	Subtotal	**13,010,106**	**37.2%**	**12,253,147**	**37.3%**
Central China	Changsha	1,141,579	3.3%	1,141,579	3.5%
	Subtotal	**1,141,579**	**3.3%**	**1,141,579**	**3.5%**
Western China	Chongqing	7,072,498	20.3%	6,379,325	19.5%
	Chengdu	1,925,750	5.5%	1,867,962	5.7%
	Xi'an	1,655,321	4.7%	1,655,321	5.0%
	Yuxi	692,862	2.0%	692,862	2.1%
	Kunming	174,345	0.5%	174,345	0.5%
	Subtotal	**11,520,776**	**33.0%**	**10,769,815**	**32.8%**
Yangtze River Delta	Shanghai	1,080,140	3.1%	1,041,612	3.2%
	Wuxi	864,102	2.5%	864,102	2.6%
	Changzhou	936,282	2.7%	936,282	2.9%
	Yixing	241,199	0.7%	241,199	0.7%
	Hangzhou	1,562,927	4.5%	1,536,288	4.7%
	Shaoxing	374,943	1.1%	374,943	1.1%
	Ningbo	562,210	1.6%	562,210	1.7%
	Suzhou	642,909	1.8%	327,884	1.0%
	Nanjing	427,807	1.2%	427,807	1.3%
	Subtotal	**6,692,519**	**19.2%**	**6,312,327**	**19.2%**
Southern China	Xiamen	389,202	1.1%	389,202	1.2%
	Quanzhou	1,472,123	4.2%	1,472,123	4.5%
	Guangzhou	331,233	0.9%	331,233	1.0%
	Foshan	366,810	1.1%	168,953	0.5%
	Subtotal	**2,559,368**	**7.3%**	**2,361,511**	**7.2%**
Total		**34,924,348**	**100%**	**32,838,379**	**100%**

Table 6: Breakdown of Land acquisition in 2014

Region	Project	City	Attributable Interest	Site Area	Total GFA
			%	*Sqm*	*Sqm*
Yangtze River Delta	Celebrity Life	Ningbo	100.0%	30,660	64,830
	Gulou Plot	Nanjing	100.0%	45,842	427,807
	Chunjiang Central	Hangzhou	100.0%	128,383	549,205
	W.Lake Dianda Plot	Hangzhou	51.0%	14,401	54,367
	Xingyi Plot	Hangzhou	100.0%	39,209	141,512
	Songjiang Newtown	Shanghai	100.0%	38,404	114,626
	Songjiang Yongfeng	Shanghai	16.0%	26,983	45,866
	Subtotal			**323,882**	**1,398,213**
Pan Bohai Rim	The Great Wall Chinoiserie	Beijing	60.0%	239,403	230,331
	Jade Mansion (Xiju)	Beijing	50.0%	70,055	140,739
	Fengtai Kandan Plot	Beijing	16.5%	20,070	51,613
	Subtotal			**329,528**	**422,683**
Western China	Jinnan Walk Time	Chengdu	100.0%	24,335	101,988
	Jinniu Hejia Plot	Chengdu	100.0%	61,531	146,632
	Chanba Plot	Xi'an	100.0%	99,673	217,513
	Keyuan Rd. Plot	Chongqing	100.0%	16,848	128,273
	Subtotal			**202,387**	**594,406**
Southern China	Chunjiang Land	Foshan	46.1%	71,332	366,810
	E. Tianhe Plot	Guangzhou	100.0%	185,588	331,233
	Subtotal			**256,920**	**698,043**
Total				**1,112,717**	**3,113,345**

Subsequent to the end of the reporting period, the Group newly acquired several land parcel, namely Beijing Dongba Project with an expected gross floor area of approximately 68,000 square meter (34,000 square meter in attributable expected gross floor area), Beijing Mentougou Project with an expected gross floor area of approximately 97,000 square meter (16,000 square meter in attributable expected gross floor area), Beijing Haidian Taipingzhuang Project with an expected gross floor area of approximately 16,000 square meter (4,000 square meter in attributable expected gross floor area), Xinglin North Road Project, Jimei District, Xiamen with an expected gross floor area of approximately 305,000 square meter (150,000 square meter in attributable expected gross floor area), H Unit No. 30-02 Yongfeng Street project at Songjiang, Shanghai with an expected gross floor area of approximately 27,000 square meter (7,000 square meter in attributable expected gross floor area) and Cheting Highway 2 -2 project at Chedun Town, Songjiang District, Shanghai with an expected gross floor area of approximately 104,000 square meter (31,000 square meter in attributable expected gross floor area).

FINANCIAL POSITION

As of December 31, 2014, the Group's consolidated borrowings amounted to RMB47.74 billion. The net debt to equity ratio (net debt divided by total equity) of the Group was 57.1%. Cash in hand reached RMB19.04 billion. The credit rating of the Group was BB+ by Standard & Poor, Ba1 by Moodys, and AAA by Dagong International, with the outlook maintained as "stable".

Approximately 68.9% of the Group's total borrowings were denominated in RMB, while 31.1% were denominated in foreign currencies. As Renminbi is potentially facing the trend of depreciation, the Group is reducing its proportion of borrowings in foreign currencies with a certain amount of exchange rate swap so as to reduce the exchange loss in future periods.

Approximately RMB12.90 billion of the Group's consolidated borrowings were with fixed rates ranging from 6.0% per annum to 6.875% per annum, depending on the tenors of the loans, and the other loans were quoted at floating rates. As at December 31, 2014, the proportion of fixed interest debt was 28% (December 31, 2013: 42%) of the total debt. Prior to the time that interest rate began to fall, certain borrowings with fixed rate were converted into borrowings quoted at floating rates. Hence, the Group's average cost of borrowing further decreased to 6.4% per annum. The average tenor of loan was 4.5 years. The proportion of unsecured debt was 48% of the total debt.

In 2014, the Group early redeemed of US$750 million 9.5% senior notes and completed two financing transactions in the international capital market, which effectively reduced the cost of financing. In March 2014, the Group entered into a lending agreement with a syndicate of 8 banks, and obtained 5-year syndicated loans of HK$2,450 million and US$125 million in a total of approximately HK$3,425 million at an interest rate of Hibor plus 3.1%. After the successful issue of three tranche of bonds denominated in US dollar, the Group entered into the dim sum bonds market for the first time, which further broadened the financing channels of the Company. In May, the Group successfully issued 4-year bonds of RMB2 billion in the international capital market at a nominal interest rate of 6.75%, which was the longest tenor and largest scale dim sum bonds issued by Mainland property developer.

During the year, the group acquired the remaining 8.7% equity interest of its principal operating subsidiary, Chongqing Longhu Development Co., Ltd. ("Chongqing Longhu Development") from the substantial shareholders by issued of 366 million consideration shares. The transactions were approved by the shareholders in the extraordinary general meeting. Upon the completion of the transaction, the shareholders of the Company can share 100% profit of Chongqing Longhu Development. The corporate structure of the Group will become more streamlined and transparent, which will further facilitate the Group to enhance management and operation efficiency.

EMPLOYEES AND COMPENSATION POLICY

As at December 31, 2014, the Group had 14,697 full-time employees in China and Hong Kong. 3,409 of these employees worked in the property development division, 1,599 in the property investment division, and 9,689 in the property management division. Average age of our employees is 31.1 years old. In the property development and investment divisions, approximately 65.7% of the employees have bachelor degrees and 11.0% of the employees have master degrees or above.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consisted of base salary, cash bonus and share-based rewards. Cash bonus is a major part of senior employees' cash compensation. The gross amount of such bonus is determined from, amongst other things, the ranking of the Group's budget fulfillment ratio and loyalties of customers, which is then assessed and allocated to individual subsidiaries according to the results of a balanced scorecard and profitability.

PROSPECTS

In 2015, we expect to see continual volatility in the Chinese real estate market. The weaker transaction activities and market segmentation is primarily due structural supply issues across different regions. Structural adjustment is not expected to be completed in a short period of time given the current government's less interventionist policy approach. Along with the inventory clearance and pent-up demand over the past ten months, the overall outlook for 2015 is likely to improve relative to 2014. Differentiated development across regions and segments will become more apparent and competition will intensify. This will further test the company's brand power and it's ability to deliver prudent and sustainable growth.

Under these circumstances, the Group will place an even higher emphasis in executing our strategy in a persistent manner to ensure a sustainable development for our business. The Group will continue to expand through deepening its existing footprint, moving closer to city core locations, controlling the scale of projects and continue to build up its investment property portfolio, while strengthening our better understand of different city and our customer base, and making the right investment decisions. Operation efficiency will be enhanced through emphasis in sales and inventory management, capitalizing on opportunities to speed up sales and inventory clearance, and better cost controls.

The Group now has 66 key projects for sale, among which 13 are brand new projects and 21 existing projects will launch new phases and new products in the coming year. The products will cater for different groups of customers, including first-time home buyers, upgraders and business operators, while the proportion of different product types will be adjusted in response to market changes, thus enabling the Group to grasp the demand and opportunities in a complicated and volatile market.

The Group (including joint ventures) has completed and delivered about 6,160,000 square meters GFA of properties in 2014. In 2015, the Group plans to complete construction of approximately 6,000,000 square meters of properties, most of which will be completed in the second half of the year. The current construction progress and sales growth is on track.

For investment properties, the construction of Chengdu Jinnan Paradise Walk, Beijing Time Paradise Walk, Shanghai Hongqiao Paradise Walk, Chongqing Time Paradise Walk Phase 3 and Chongqing Hometown Phase 2 have begun during the year. Chongqing Time Paradise Walk Phase 2, Beijing Changying Paradise Walk, Chengdu Time Paradise Walk Phase I and Xi'an Daxing Starry Street have commenced operation during the year. Hangzhou Jinsha Paradise Walk and Chengdu Jinnan Paradise Walk will commence operation in 2015. These projects lay a solid foundation for the future growth in rental income from investment properties of the Group.

Amid the ever-changing market environment, the Group will maintain a prudent and rational financial management strategy, and plan our investment and operating expenses in accordance to our cash inflow, so as to preserve the financial health of the company and reasonable net gearing level. We will look to increase joint investments with external parties, with the aim to control land cost and relieve funding pressure. At the same time, we will look to explore new funding channels, extend debt maturity tenor and lower effective funding cost, in view of the depreciating trend of Renminbi, in order optimize the financial structure of the company with the objectives being safety and stability.

Lastly, on behalf of the Board, I would like to express my sincere appreciation to all of our employees for their diligence and all of our shareholders for their support.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB0.284 per share for the year ended December 31, 2014 to shareholders whose names appear on the register of members of the Company on Friday, June 5, 2015. The proposed final dividend will be paid on Monday, July 6, 2015 after approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Thursday, May 21, 2015 to Tuesday, May 26, 2015.

ANNUAL GENERAL MEETING

The AGM is to be held on Tuesday, May 26, 2015 and the notice of AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, May 19, 2015 to Tuesday, May 26, 2015, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Tuesday, May 26, 2015, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, May 18, 2015.

The register of members of the Company will be closed from Wednesday, June 3, 2015 to Friday, June 5, 2015 (both days inclusive) during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, June 2, 2015.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls system and financial reporting matters including the review of the Group's audited consolidated results for the year ended December 31, 2014.

CORPORATE GOVERNANCE

During the year, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the following deviation:

During the year, the Company has not established Nomination Committee as required by the provision A.5 of the Code. Madam Wu Yajun, Chairman of the Board, is responsible for the nomination and appointment of directors. In accordance with the Company's corporate strategy, Madam Wu will review and discuss with other Board members the structure, size and composition (including the skills, knowledge and experience) of the Board from time to time and identify individuals suitably qualified to become directors and make recommendations to the Board on the nomination for directorship. The Board is of view that Chairman responsible for the nomination directorship is more effective than the establishment of Nomination Committee.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions of directors (the "Securities Code") on no less exacting the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during the year ended December 31, 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the year ended December 31, 2014.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.longfor.com). The annual report of the Company for the year ended December 31, 2014 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Yan Jianguo and Mr. Zhao Yi who are executive Directors; and Mr. Frederick Peter Churchhouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive Directors.

By Order of the Board
Longfor Properties Co. Ltd.
Wu Yajun
Chairperson

Hong Kong, 18 March 2015

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Yan Jianguo and Mr. Zhao Yi who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Dr. Xiang Bing and Dr. Zeng Ming who are independent non-executive Directors.