北大资源
PKU RESOURCES

Peking University Resources (Holdings) Company Limited
北大資源（控股）有限公司

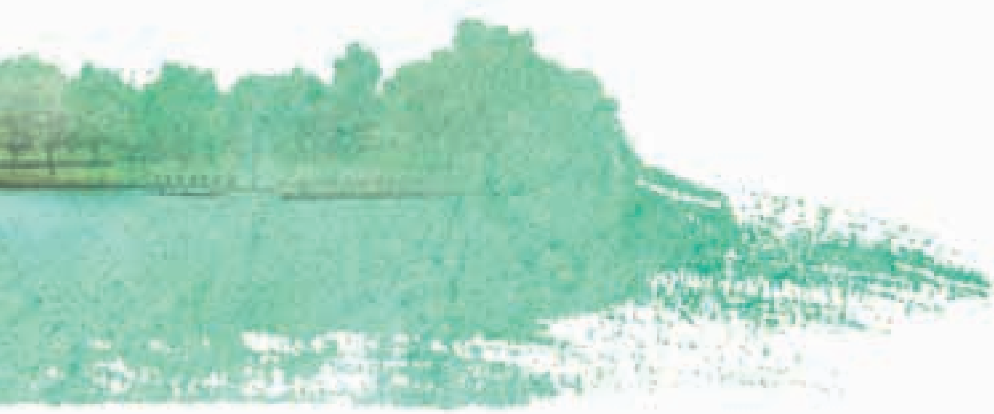
(Incorporated in Bermuda with limited liability)

（於百慕達註冊成立之有限公司）

Stock Code 股份代號：00618

Annual Report **2014** 年報

Contents



Company Profile

BUSINESS AREAS

Peking University Resources (Holdings) Company Limited ("PKU Resources" or the "Company", together with its subsidiaries, collectively the "Group") was formerly known as EC-Founder (Holdings) Company Limited. In order to seek higher proceeds for shareholders, the Company began to launch multi-business development strategy based on information products distribution business starting in 2013. In January 2013, the Company completed the acquisition of subsidiaries engaged in the business of property development and property investment from the subsidiary of Peking University Founder Group Company Limited ("Peking Founder", together with its subsidiaries, collectively the "Peking Founder Group"), and gradually entered the fields of real estate development and commercial real estate operations, making itself an overseas listing platform of real estate business subordinate to Peking University and Peking Founder and also the only university-run real estate development enterprise in Hong Kong capital market.

Two years later after the transformation has completed, the Company, in order to further expand its business scope, completed the acquisition of 12 high-quality real estate development projects of the Peking University Resources Group Holdings Co., Ltd and its subsidiaries ("PKU Resources Group") on 2 January 2015. As at the date of this annual report, the Company's operation area has covered 12 cities of China and has 19 real estate development projects at different development stages. In the future, the Company will be mainly engaged in the real estate investment business.

BACKGROUNDS OF SUBSTANTIAL SHAREHOLDERS

Peking University, founded in 1898, initially named Imperial University of Peking, is the first national comprehensive university of China, and also the highest educational authority of China at that time. After the 1911 revolution, she was renamed the present name in 1912. In recent years, Peking University has entered a new historical stage of development and has achieved remarkable achievements in discipline construction, talent training, teaching staff construction, teaching and scientific research and other areas, laying a solid foundation to build itself into one of the world-class universities. Today, Peking University has become a cradle for training high-quality creative talents for China, a frontier of scientific researches, an important base for knowledge innovation and an important bridge and window for international exchanges.

Peking Founder was invested and founded in 1986 by Peking University, with Peking University holding 70% shares and the management holding 30% shares.

As the leader and a founder of Peking Founder, Academician Wang Xuan invented the Chinese-character Laser Phototypesetting Technology, which laid the initial solid foundation for the future development of Peking Founder. Today, Peking Founder Group has successfully transformed into a diversified investment holding group, with its business encompassing IT, healthcare & pharmaceuticals, property, finance, bulk-commodity trading, etc..

As a market-oriented enterprise that has successfully integrated production, teaching and research, Peking Founder Group is one of the best models in interpreting the concept of "innovation" advocated by the Chinese government, that is, "to establish a market-oriented system for technological innovation, in which enterprises play the leading role and which combines the efforts of enterprises, universities and research institutes." Relying on Peking University, Peking Founder Group has possessed and created core technologies crucial for the development of China's IT and healthcare & pharmaceutical industries. As one of the first 6 technical innovation pilot enterprises of China, Peking Founder Group has been repeatedly awarded honorary titles like "National Technological Innovation Model Enterprise", etc..

Peking Founder Group has established good cooperative relations with many domestic well-known enterprises and governments. Thanks to its open and standardized capital platform, the Group has attracted international investment from Intel, Omron, Credit Suisse, Bank of East Asia, and Taiwan's Fubon Financial Holding. With five industry groups and more than 35,000 employees distributed in major Chinese cities, Peking Founder Group has performed outstandingly in expanding the overseas markets. In addition, Peking Founder Group has owned 6 public companies listed in the stock exchanges of Shanghai, Shenzhen and Hong Kong.

As an enterprise invested and founded by Peking University, Peking Founder Group has, since its inception, been adhering to the university's spirit — "be a man of honesty and integrity and do things in a down-to-earth manner", and conscientiously performing its social corporate responsibilities. While lending support to the improvement of China's soft power, the Group has developed a sense of "responsibility for innovation" in the areas of serving the country through industry, educational regurgitation-feeding, and repaying the society. At the same time, the Group has for long focused on the four major areas, namely, national culture, national health, national education, and science and technology.

BUSINESS MODEL

Strategy of new cultural community and "Resources Home" O2O model

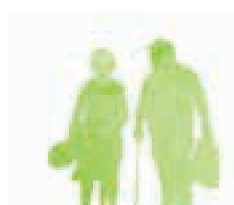
By integrating the unique advantages of Peking University and Peking Founder Group, the real estate projects that PKU Resources developed provides on-going online and offline services for customers on the basis of traditional real estate development, so as to enhance its competitiveness and sustained profitability.

New cultural community is the product positioning of the real estate projects of PKU Resources, that is, to lay emphasis on features of knowledge and culture, humanity design, residential co-construction and natural of ecology. As a result, in addition to housings, the residents will also have services in terms of education, health care, culture, finance, property and intelligence.

"Resources Home" (ziyuanjia.com) is specially designed for the proprietors who have bought its well built houses and is an O2O community service online platform, which integrates culture, education, heath care resources of Peking University and high technology, information technology, financial resource, commercial resource, etc. of Peking Founder Group.

INTEGRATE RESOURCES AND ENHANCE COMPETITIVENESS

PKU Resources provides integrated design programs for governments, actively participates in the urban planning of local governments and assists with the introduction of locally scarce public facilities, which greatly improves its competitiveness in obtaining land from the local market. With low-cost land, it upgrades the quality and competitiveness in developing products, gets higher premium from sales, promotes realization of sales and fast turnover and creates continuous income sources through continuous service, meeting customers' full life cycle needs.



BUSINESS TYPE AND LAYOUT

As of the latest practicable date, the Company's operation area has covered 12 cities of China and has 19 real estate development projects at different development stages, 1 hold-type property project and 1 hold-type property project with right of entrusted operation. In 2014, the sales and construction of all projects were pushed forward in an orderly way, and the development and operation efficiency improved significantly.

MISSION

A deep and abiding concern for the arts and humanities and integrating resources in order to bring culture into the activities of urban communities and enhance the well-being of citizens.

VISION

Strive to become the pioneer and leader of introducing distinctive urban operation development in China.

Corporate Information

BOARD OF DIRECTORS

Executive directors

Ms Yu Li *(Chairwoman)*
Mr Fang Hao *(President)*
Mr Zhou Bo Qin
Mr Zhang Zhao Dong
Mr Xie Ke Hai
Mr Zheng Fu Shuang

Independent non-executive directors

Mr Li Fat Chung
Ms Wong Lam Kit Yee
Ms Cao Qian

COMMITTEES

Audit Committee

Mr Li Fat Chung *(Chairman)*
Ms Wong Lam Kit Yee
Ms Cao Qian

Remuneration Committee

Mr Li Fat Chung *(Chairman)*
Ms Yu Li
Ms Wong Lam Kit Yee

Nomination Committee

Ms Yu Li *(Chairwoman)*
Ms Wong Lam Kit Yee
Ms Cao Qian

COMPANY SECRETARY

Ms Tang Yuk Bo, Yvonne

AUTHORISED REPRESENTATIVES

Ms Yu Li
Mr Fang Hao

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISERS

Jun He Law Offices

PRINCIPAL BANKERS

Bank of Beijing
China Everbright Bank
China Merchants Bank
SPD Bank
Huaxia Bank
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1408, 14th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories, Hong Kong

PUBLIC RELATIONS

Strategic Financial Relations (China) Limited

SHARE REGISTRARS AND TRANSFER OFFICE

Principal registrar

Butterfield Fulcrum Group (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong branch share registrar and transfer office

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

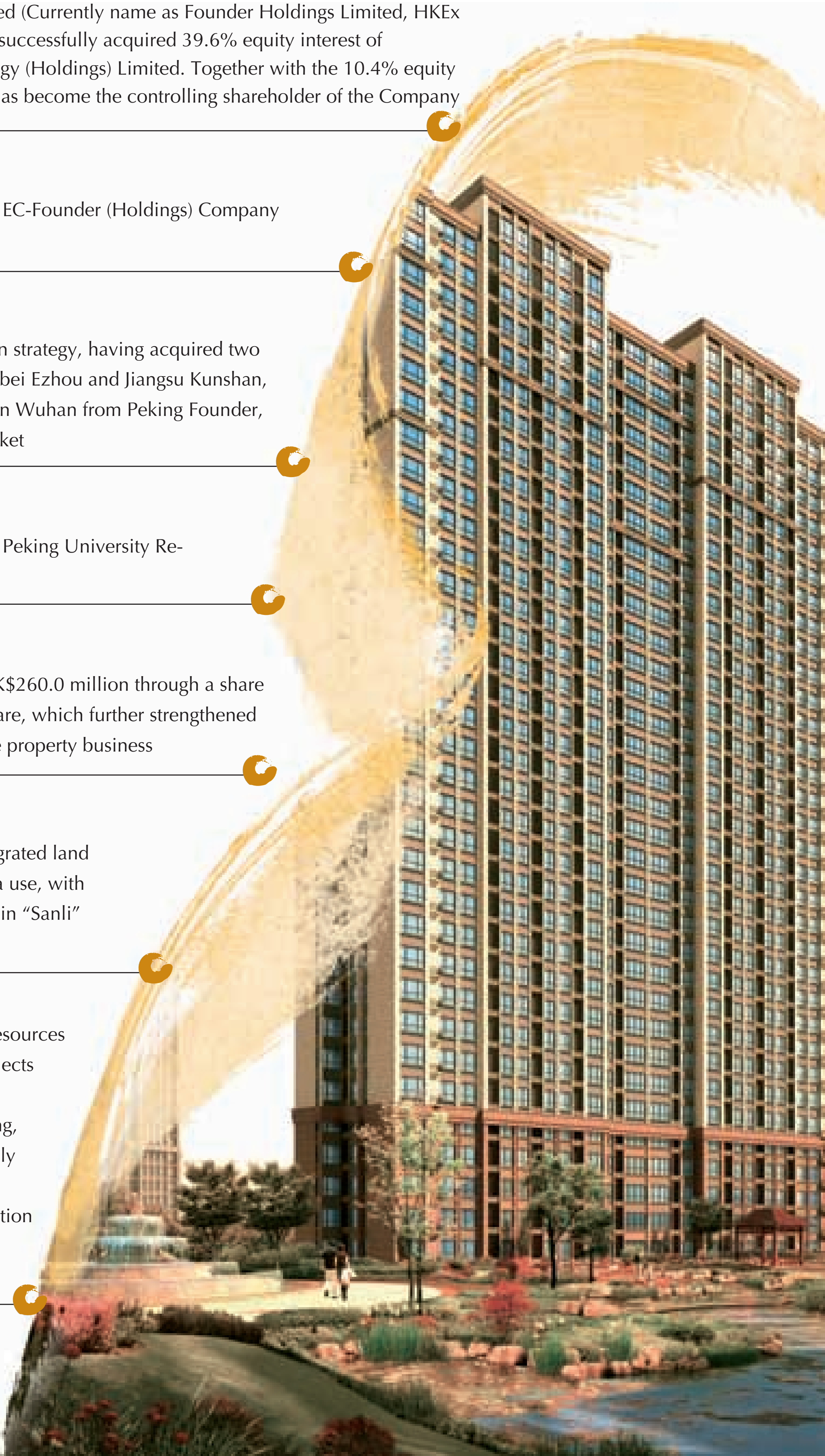
LISTING INFORMATION

Main board of The Stock Exchange of Hong Kong Limited
Stock code: 00618
Board Lot: 2,000 shares

COMPANY WEBSITE

www.pku-resources.com

Milestones



September 2000

Through Founder (Hong Kong) Limited (Currently name as Founder Holdings Limited, HKEx stock code: 00418), Peking Founder successfully acquired 39.6% equity interest of Management Investment & Technology (Holdings) Limited. Together with the 10.4% equity interest held by the management, it has become the controlling shareholder of the Company

November 2000

The Company name was changed to EC-Founder (Holdings) Company Limited

January 2013

The Company adopts a diversification strategy, having acquired two property development projects in Hubei Ezhou and Jiangsu Kunshan, as well as an office building project in Wuhan from Peking Founder, entering the domestic real estate market

November 2013

The Company name was changed to Peking University Resources (Holdings) Company Limited

December 2013

Successfully raised approximately HK$260.0 million through a share placing at a price of HK$0.80 per share, which further strengthened its capital resources in expanding the property business

July 2014

Successfully won the bid for the integrated land for residential, commercial and plaza use, with a bottom price of RMB3.973 billion, in "Sanli" plot in New Eight Li in Tianjin

January 2015

The Company acquired from PKU Resources Group 12 property development projects owned and operated in Chongqing, Changsha, Foshan, Chengdu, Guiyang, Qingdao and Wuhan, and successfully placed HK$945 million, to get full realization of the strategic transformation to the real estate business

Honors Obtained

Peking University Resources Group won the "2014 Annual Cultural Community Innovation Award" from Boao 21 Century Real Estate Forum

PKU Resources • Yuefu

2014 Good Estate in China, "The Most Cost-effective Award for the Year" of Locke Gold Prize

The Most Promising House Award of Sohu Focus Real Estate 2014

PKU Resources • Licheng

"Real Estate Property with The Most Potential 2014 in Kunshan" by Fang.com

"The Most Cost-effective Model Award for the Year 2014" of Locke

Kaifeng PKU Resources City

"Real Estate Property with the Most Cultural Values in 2014" honored by Henan Province Real Estate Chamber of Commerce

PKU Resources • Lianhu Jincheng

"Real estate most worth looking forward to in 2015" of the first city livable property awards

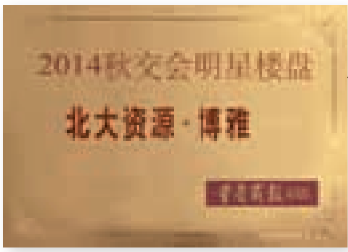
PKU Resources • Shanshuinianhua

"Property with the most appreciation potential" awarded by Fang.com

"Real Estate Property Optimal for Living in Hubei, 2014" on Hubei Province Real Estate Marketing Festival

PKU Resources • Time

"Villa with the Most Humanistic Temperament in Changsha, 2014" awarded by ifeng.com
Energy Conservation Award in Changsha City, Hu'nan



PKU Resources • Boya

"Real Estate that Buyers Prefer Most to Buy in 2014" awarded by house.sina.com.cn
"Star Property on 2014 Autumn Fair" awarded by Chongqing Economic Times

PKU Resources • Boya Binjiang

China Real Estate Golden Key Award • Top Ten Quality of Habitat Award in 2014

PKU Resources • Yannan International

"Cultural Settlement with Particularly Influential Power in 2014", "Media Review Awards" of The Sixth Chinese Real Estate Magazine Alliance
The Twelfth Golden Lotus Cup (2014), Annual Regional Driver Real Estate Property in Chengdu, awarded by Chengdu Report

PKU Resources • Dream City

"Good House of Year," "Best High Speed Rail Property" in 2014
People's Choice of Good House
China Good Estate, "The Best School District Real Estate Gold" of Locke Gold Prize

Letter to Shareholders

"Succeeds in Conveying the Innovative Sprit of Peking University"

Dear shareholders:

On behalf of the Board of Directors of Peking University Resources (Holdings) Limited (the "Company"), I am pleased to present the annual results of the Company together with its subsidiaries (the "Group") for 12 months ended 31 December 2014 ("the Year"). I would also like to take this opportunity to thank for your unwavering support to the Company in the past year.

In 2014, the Group was still in the transitional period of strategic transformation, achieving annual operating income of HK$4,713 million, up 56% year-over-year ("YoY"); the owner of the parent company undertook an annual loss of about HK$120 million, but the gross profit rose by 47% YoY, attributable to the high gross margin of property development business with revenue reached HK$190 million.

In 2014, China's GDP grew by 7.4% YoY, although the growth rate fell to its lowest level in 24 years, it remained at a stable and reasonable range, and the annual economic growth showed a trend of opening low, rising high and then falling back. In this year, China's real estate market entered a period of adjustment; the inventory of commercial housings rose high and the investment growth rate of real estate dropped substantially. In this background, the central government's policies gave priority to "stability", and guaranteed the reasonable house-purchase demand with long-term mechanism like monetary policy adjustment, etc. All local governments made flexible adjustments, weakened their administrative interventions and stimulated housing demand through multiple policy adjustments about credit and loan, public reserved fund, financial subsidies, etc. to strive to accelerate the decrease of housing inventory and stabilize housing consumption.

2014 is the second year of the Group's strategic transformation. In order to further expand business scope and volume, with the strong support of the parent company, the Group acquired 12 property development projects located in Chongqing, Changsha, Foshan, Chengdu, Guiyang, Qingdao and Wuhan from PKU Resources Group, and fully achieved the strategic transformation to real estate business, demonstrating Peking University, Peking Founder Group, and PKU Resources Group's strong confidence in our future development.

As at 31 December 2014, the Group had a total of 8 property development projects in 7 cities around China and had a reserved land area of about 2,589,158 sq.m.. In 2014, the Group recorded contracted pre-sale of property of RMB412.8 million, with a total area of 53,487 sq.m. has been pre-sold, at an average price of approximately RMB7,718 per sq.m.. In 2014, the Group obtained the land use right of 4 projects in Tianjin, Qingdao, Chengdu, etc. through open transferring programs, in which, on 9 July 2014, the Group successfully gained the "Sanli" land at Tianjin Xinbadali at the base price of RMB3.973 billion. "Sanli" is located in the central area of Xinbadali of Hexi District of Tianjin. The Group is committed to building the "Sanli" land into a new land mark integrating commercial projects, residential houses, and super high-rise buildings. The Group will also build a 6,600-sq meter city-level new cultural center at "San Li" and introduce Peking University Lecture Hall and Academy of Peking University, which will be open to the public to enhance the cultural life of the community.

Apart from actively obtaining land and developing projects through bid, auction and listing, the Group also expands the scope of development business through major acquisitions. On 16 September 2014, the Group entered the sale and purchase agreement with Fine Noble Global Limited and Peking University Resources Group Property Co., Limited (the "PKU Property") and announced its acquisition of 12 property development projects at Foshan, Chengdu, Changsha, Chongqing, Guiyang, Qingdao and Wuhan from them, successfully placing HK$945 million. The transaction was approved by independent shareholders on 18 December 2014 and its delivery was completed on 2 January 2015.

Based on the assumption of merging the target property acquired on 2 January 2015, as at the date of this annual report, the Group will have 19 real estate development projects, 1 hold-type property project and 1 hold-type property project with right of entrusted operation in 12 cities of China. After expanded, the Group's reserved land area is about 5,727,982 sq.m, so the volume of its land section increased substantially. In 2015, the Group is expected to start 4 new construction projects and pre-sell 5 projects; there will be 17 projects under construction and an accumulative total of 16 projects on sale. It is expected that in 2015 the Group's income ratio from real estate section will achieve an overall increase.

Different from other developers of real estate, the Group's position is a "integrated-resources based urban operator", which means that we make ourselves not only a real estate developer but also a life service provider; we are not only dedicated to meeting demands of house-purchasers but also providing various services for buyers who had settled there. By integrating the unique advantages of Peking University and Peking Founder Group, the Group allocates products and services about health care, education, culture, IT, finance, etc. for the community and provides residents with smart services like culture, health care, education, finance, property, etc. This service system takes "two centers & one platform" as the core, that is, to take the new cultural center and Peking University Medical Community Health Care Management Center, etc. as the carrier to form a online and offline combined O2O serve model through the "Resources Home" (ziyuanjia.com) community network service platform.

"Two centers & one platform" is our innovative product and standard configuration of projects. Wherein, the new culture center will be equipped with spaces carrying cultures of Peking University like Peking University Lecture Hall, Academy of Peking University, etc. as well as spaces providing life services for residents like class room, painting and calligraphy room, activity room, volunteers' home, etc. Peking University Health Care Management Center, supported by many domestic first-class medical resources like the 8 Grade A class 3 hospitals of the Peking University Health Science Center and Peking University International Hospital, will provide residents with basic medical care, health care management, health care activities, green medical service, etc.; "Resources Home" (ziyuanjia.com) community comprehensive service platform, by integrating functions like education, health care, finance, shopping, life, etc. makes proprietors realize 24-hour on line and real-time sharing of quality resources across areas.

This is a brand-new business model supported by governments, recognized by the market and welcomed by customers. By providing integrated design programs for governments, we actively participate in the urban planning of local governments and assist with the introduction of locally scarce public facilities, which greatly improves our competitiveness in obtaining land from the local market and obtained low cost lands; we upgrade the quality and competitiveness in developing products through integrating resources, get higher premium from sales, promote realization of sales and fast turnover and create continuous income sources by providing continuous service to meet customers' full life cycle needs.

In addition to continuing to focus on property development projects, the Group will also try to expand the product line, to properly increase the proportion of holding properties. In particular, it will focus on investment opportunities with commercial, hotel and urban complex located in the prime locations of one and second-tier cities in China's mainland, in order to obtain stable revenues and continuing cash flow through investment on property in the smooth performance period.

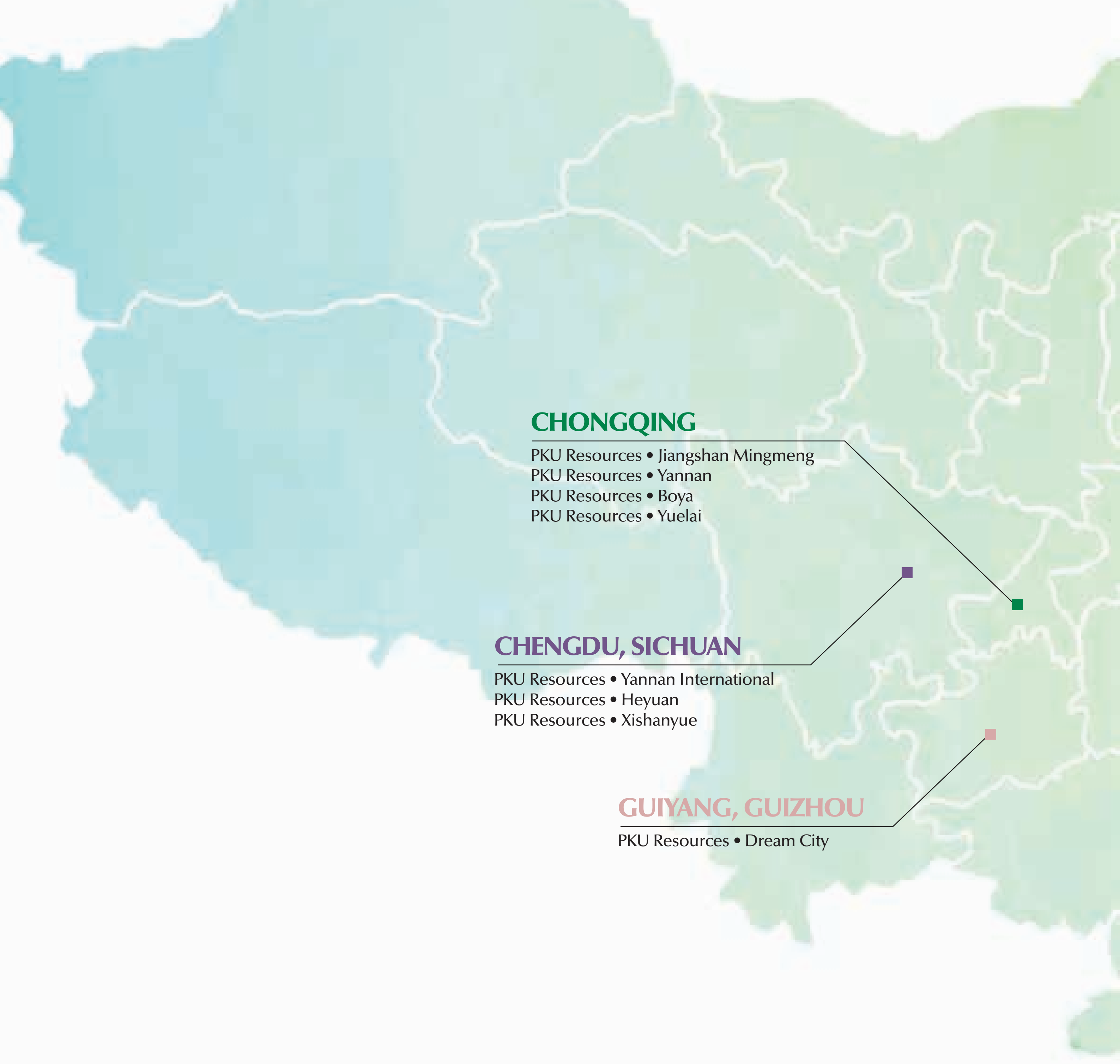
In 2015, it is expected that growth of the macro-economy is going to slow down further. Ensuring steady growth and adjusting economic structure will still be the focus of policy making. Policy and monetary environments tend to get loose, but the overall monetary policy will remain steady. With the quit of administrative overrides like purchase or loan quota, the market is gaining a better say in regulating economic activities and more long-term mechanisms are expected to be established. Land transactions are also expected to be revived with intensified market confidence. The housing market is believed to be buoyant but with slowed down growth. Housing price is going to recover steadily with regional differentiation becoming even more obvious. The prices in first-tier cities and some second-tier cities tend to stabilize, while the short-term requirements for third-tier and four-tier cities are saturated, with still much room for growth in the long term. "De-stocking" will remain the main tone of the market within the next three years. The year of 2015 will be an in-depth reform of the housing market, laying foundation for the next five years. The core competences will become the overall urban-rural coordination, import of industries, urban planning, urban infrastructure system, and industrial innovation. In face of new challenges, we will stick to the strategic orientation of a integrated-resources based urban operator through the "new cultural community" concept and O2O mode of Ziyuanjia.com, and contain liquidity risks by speeding up de-stocking.

Adhering to its mission statement, the Group is going to deliver quality and consistent services. It is also going to take lead in a cultural life, strengthen brand power, improve management, raise transparency, and promote exchange with investors and capital market. The Group will also continue to harbor a vision to become the pioneer and leader of introducing distinctive urban operation development in China.

Fang Hao
President
26 March 2015

PROPERTY DEVELOPMENT PROJECTS

PROJECT LOCATIONS



12 Cities and Districts

Total Land Bank

5,727,982 sq.m.

TIANJIN

Project	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected completion time	Equity hare
PKU Resources • Yuefu	Tianjin	Residential/Commercial	235,635	278,365	September 2014	December 2018	70%
PKU Resources • Sanchengli	Tianjin	City Complex Integrating Residential/ Commercial/Office/ Apartment	69,084	464,421	September 2015	December 2017	60%

QINGDAO, SHANDONG

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources Plaza	Qingdao, Shandong	Commercial/Office	21,155	140,138	—	June 2018	70%
Xinduxinyuan *	Qingdao, Shandong	Residential/Commercial	20,594	77,075	December 2013	January 2016	70%

KAIFENG, HENAN

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
Kaifeng PKU Resources City	Kaifeng, Henan	Commercial/ Residential	647,147	647,147	October 2015	–	100%

KUNSHAN, JIANGSU

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Licheng	Kunshan, Jiangsu	Residential/ Commercial	378,369	736,634	October 2012	May 2016	51%

EZHOU, HUBEI

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Lianhu Jincheng	Ezhou Hubei	Residential	674,597	674,597	July 2015	December 2021	90%

WUHAN, HUBEI

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Shanshuinianhua *	Wuhan, Hubei	Residential	123,949	275,717	February 2015	January 2018	70%

CHANGSHA, HUNAN

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Time (West)	Changsha, Hunan	Residential/Commercial	39,631	134,700	January 2014	March 2016	70%
PKU Resources • Time (East) *	Changsha, Hunan	Residential	69,337	184,301	–	–	70%

CHENGDU, SICHUAN

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Yannan International *	Chengdu, Sichuan	Residential/Commercial	127,029	539,616	April 2014	December 2016	70%
PKU Resources • Xishanyue *	Chengdu, Sichuan	Residential	113,011	129,993	May 2013	–	70%
PKU Resources • Heyuan	Chengdu, Sichuan	Residential	51,961	229,175	May 2015	March 2019	70%

CHONGQING

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Jiangshan Mingmeng *	Chongqing	Residential/Commercial	453,419	1,093,116	October 2013	August 2016	100%
PKU Resources • Yannan *	Chongqing	Residential	144,063	692,974	November 2013	December 2015	70%
PKU Resources • Boya *	Chongqing	Residential/Commercial	143,648	495,115	October 2013	October 2016	70%
PKU Resources • Yuelai *	Chongqing	Residential/ Commercial	183,457	419,364	–	–	70%

FOSHAN, GUANGDONG

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Boya Binjiang *	Foshan, Guangdong	Residential/Commercial	199,287	953,597	October 2014	April 2016	51%

GUIYANG, GUIZHOU

Project Name	Project Location	Form	Site Area (sq.m)	Planned GFA (sq.m)	Expected Launch Time	Expected Completion Time	Equity Share
PKU Resources • Dream City *	Guiyang, Guizhou	Commercial residential	247,426	996,162	November 2013	August 2017	70%

Investment Property Overview

Property Name	Location	Type	Planned GFA (sq.m)
International Building of Wuhan	Wuhan, Hubei	Commercial/office building space	26,963.32

Overview of Entrusted Operating Properties

Property Name	Location	Type	Planned GFA (sq.m)
Founder International Building	Beijing	Commercial/office building space	278,365

Note: The projects marked with * were acquired by the Company on 2 January 2015.

TIANJIN

PKU Resources • Yuefu

Description:

The project is located at the intersection of Dongli Avenue and Jingfu Road in Dongli District, Tianjin, east to Jingfu Road, south to Dongli Avenue, and north to Zhanpeng Avenue. Project is positioned as townhouses, semi-detached villas, high-rise and some commercial products.

Project Target:

The site area is 235,635 sq.m. The total GFA is 278,365 sq.m.

Project Development:

Under development and construction.

Total GFA

278,365sq.m.

TIANJIN
PKU Resources • Sanchengli

Description:
The project is located at the intersection of Heiniucheng Avenue and Hongze S. Road in Hexi District, Tianjin, east to Neijiang Road under planning, south to Mujiang Avenue, west to Hongze S. Road, and north to Heiniucheng Avenue. Project is positioned as a city complex integrating residential, commercial, office and apartment buildings.

Project Target:
The site area is 69,084 sq.m. The total GFA is 464,421 sq.m.

Project Development:
Construction is expected to start in 2015.

Total GFA
464,421 sq.m.

KUNSHAN

PKU Resources • Licheng

Description:

The project is located north to Chengbei Road, Bacheng Town, Kunshan, south to Yinbing Road, and west to Zhangjiagang River. It is divided into plots 1, 2, and 3, among which #1 plot is for residential use, #2 and #3 plots for commercial and residential use.

Project Target:

The site area is 378,369 sq.m. The total GFA is 736,634 sq.m.

Project Development:

Under development and construction.

Total GFA

736,634 sq.m.

WUHAN

PKU Resources • Shanshuinianhua

Description:

The project is located in Future Technology Town, Wuhan, for residential use. The lot connects Jiufeng 2nd Road to the north, Longshang Stream under planning to the east, Coral N. Road to the west, and the as-built Future Technology Town Office Area to the south. The Project's surrounding community support meets the basic needs, and is located in the landscape surrounded by good environmental conditions. The Project's product has a market positioning for high-end, low-density and high-tech community garden, becoming an image representation of new city and new life, with "work + life, center + ecology" being the core concept, realizing high reputation and high value, reflecting perfect display of characteristics of leisure and temperament in the project, so that the ultimate garden life can be deeply understood.

Project Target:

The site area is 123,949 sq.m. The total GFA is 275,717 sq.m.

Project Development:

Under development and construction.

Total GFA

275,717 sq.m.

CHENGDU

PKU Resources • Yannan International

Description:

The project is located in the heart of Tianfu New Town of Chengdu, nicknamed Land of Abundance, namely New Shuang'nan Block. The project has convenient supporting facilities, situated near Metro Line 3, with extremely convenient traffic, several steps of walk to Time Outlets, American City Mall, Auchan, Yopindo Plaza in the south of city; there are further Shuangliu Middle School, Tanghu School, Jinpingguo Kindergarten and other quality educational resources; 8500 mu Urban Forest Park, Sports Park, Asia Tennis Match Center and other high-end leisure facilities around it.

Project Target:

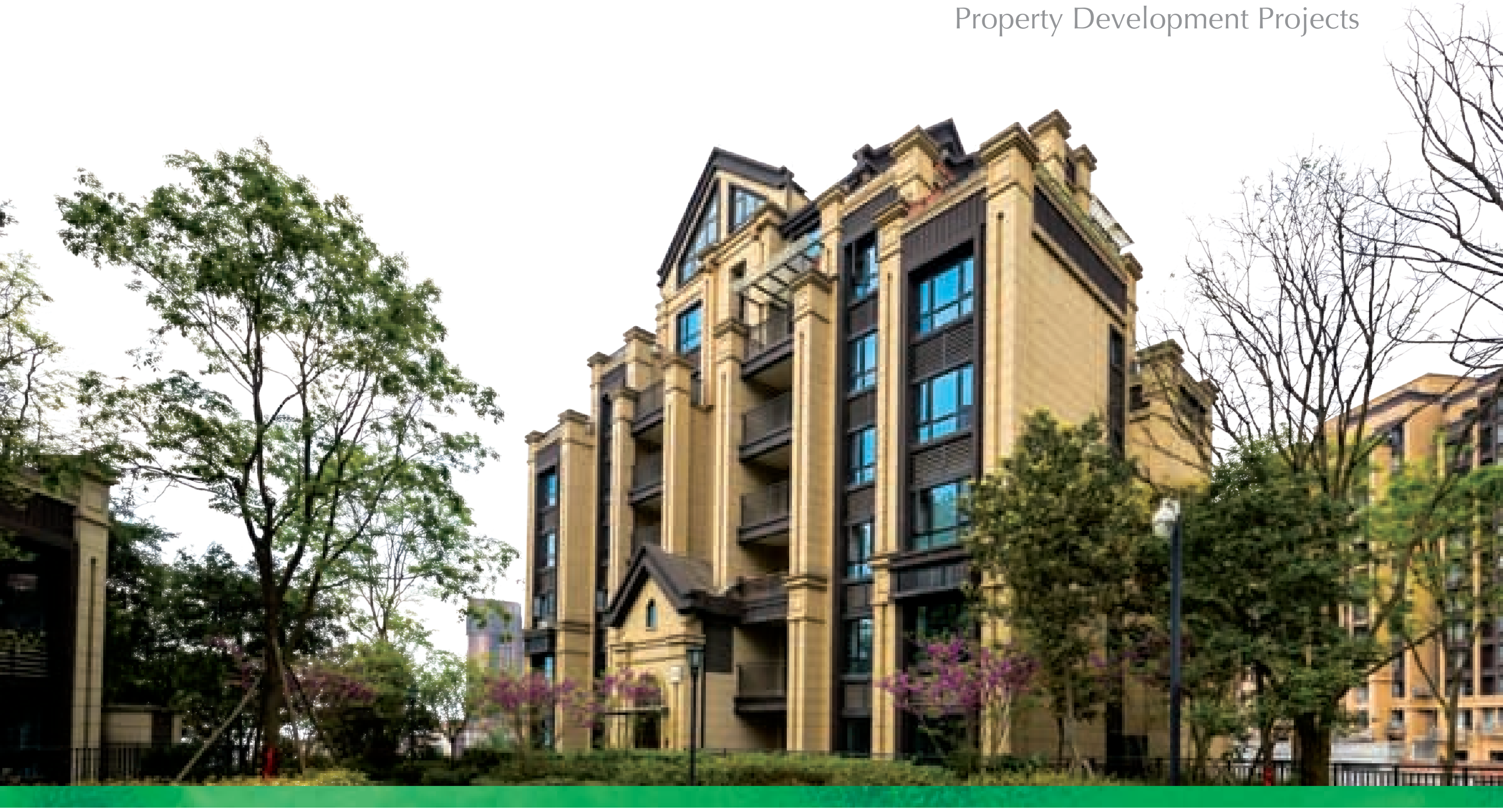
The site area is 127,029 sq.m. The total GFA is 539,616 sq.m.

Project Development:

Under development and construction.

Total GFA

539,616 sq.m.



CHONGQING

PKU Resources • Jiangshan Mingmen

Description:

The Project is located in Cuntan Bonded Port of Liangjiang New Area, in Haier Road in the north of river with the great appreciation potential, surrounded by mountains and waters. In addition to quality education supporting facilities and PKU health care community management center, it also enjoys convenient rail traffic, with Metro Line 4 Heishizi Station on the home front. In addition, within the community, there are 37,000 sq.m bustling riverside business facilities, with a plan to build 8,000 sq.m of riverside commercial complex, which integrates supermarkets, leisure square, international cuisine, entertainment and shopping.

Project Target:

The site area is 453,419 sq.m. The total GFA is 1,093,116 sq.m.

Project Development:

Under development and construction.

Total GFA

1,093,116 sq.m.

CHONGQING

PKU Resources • Yannan

Description:

The project is a comprehensive cultural and living city, which integrates high-rise, townhouses and neighborhood-type commercial multi-formats. The project is located in the second line of light rail, with complete transportation system alongside, and a number of main trunks around, passing through the city vertically and horizontally. Relying on Yangjiaping Business Circle and Dadukou Business Circle, the project enjoys its recreation, education, health care and other resources available, and will also create a neighborhood commercial center of over 5,000 sq.m. It introduces Jiulongpo District No. 1 Experimental Primary School and establishes PKU Resources Yannan Campus, building a high quality new cultural center.

Project Target:

The site area is 144,063 sq.m. The total GFA is 692,974 sq.m.

Project Development:

Under development and construction.

Total GFA

692,974 sq.m.

CHONGQING

PKU Resources • Boya

Description:

The project meticulously creates a high-quality humanistic residential area, which integrates gentle slopes ocean villa, near-subway households, and pedestrians in shopping district. The project is close to Metro Line 5 Jinzhou Avenue Station, enjoying "Seven Golden Road Network", with unimpeded and convenient access throughout the city. With 1,000,000 sq.m. business cluster center in the region, it integrates leisure shopping, business entertainment and other features, close to Zhaomushan Forest Park, breathing 1,000 mu green lung of the city.

Project Target:

The site area is 143,648 sq.m. The total GFA is 495,115 sq.m.

Project Development:

Under development and construction.

Total GFA

495,115 sq.m.

FOSHAN
PKU Resources • Boya Binjiang

Description:
The project is located the southwest central section of Sanshui District, Foshan, with a convenient transportation, mature life support, and rich landscape resources, being a unique platform for city life. The project integrates the resource advantages of Peking University and Peking Founder Group, to well-build a "southwest-centered 900,000-sq.m new cultural community", and set the industry benchmark and lead the market, creating a unique cultural boutique property in Sanshui, and even Guangzhou-Foshan region.

Project Target:
The site area is 199,287 sq.m. The total GFA is 953,597 sq.m.

Project Development:
Under development and construction.

Total GFA
953,597 sq.m.

GUIYANG

PKU Resources • Dream City

Description:

The Project is located at the eastern part of Guanshanhu District, Guiyang, and within the integrated hub functional block of North Train Station, with remarkable traffic advantages. The project plans to build high-end residences, style streets, urban complexes, 5A offices, LOFT apartments, SOHO office properties and other forms of products. Once upon completion, it will form the city-level shopping center and outdoor pedestrian area throughout Guanshanhu District.

Project Target:

The site area is 247,426 sq.m. The total GFA is 996,162 sq.m.

Project Development:

Under development and construction.

Total GFA

996,162 sq.m.

Property Investment Projects

INTERNATIONAL BUILDING OF WUHAN

Location: Located at Dandong Road, Jianghan District, Wuhan city, Hubei Province

Type: Commercial/Office building

- Project description: The total construction area is 26,963.32 sq.m. It includes an office complex project, with many office units among various floors. The legitimate rights and interests holder of land use rights of the property is Hubei Tianranju Business Management Limited.

Entrusted Operating Properties

FOUNDER INTERNATIONAL BUILDING

Location: In the west district of Zhongguancun, Haidian District, Beijing City

Type: Commercial/Office building

- Project description: Founder International Building is an office building, operated by Beijing Tianranju Technology Co., Ltd., a wholly-owned subsidiary of PKU Resources. The project is superbly located in the west district of Zhongguancun, Haidian District of Beijing with Zhongguancun Street e-Center to the east and Beisihuan Road to the north. It is fortuitously situated on an established transportation network, as well as near hotels and other business related facilities, and in close proximity to a number of renowned domestic and international corporations and the head offices of state-owned enterprises. The building comprises electronic stores and commercial offices, with the 7th to 17th floors leased as offices and equipped with comprehensive functional facilities. Based on the functions of the offices in the electronic market segment, the 7th, 9th, 11th and 13th floor of the project are duplex units. Some of the rooms have a height of 6.6m, which meet the installation needs of mid-to-large scale equipment such as large servers, digital machines and communications equipment. This design can also meet the development positioning of Zhongguancun Industrial Park and the needs of the companies stationed in the Park.

- Scale of the project: The site area is 5,121 sq.m. The total GFA is 51,159 sq.m. Founder International Building, as one of the famous commercial real estates in Zhongguancun, will continue to provide a steady flow of cash income for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

MARKET REVIEW

In 2014, China's GDP recorded a growth of 7.4% against last year. It showed a trend of opening low and going high, and then falling back during the whole year. Being stable in mid-year has become a new phenomenon. The property market ran up and down dramatically in 2014. Classification regulation, micro stimulation and the policy for release of restriction in purchase limit in the first half year did not become a stop the trend of overall depression starting from the second quarter. In the fourth quarter, along with the release of new property loan policy, adjustment to the housing fund policy and interest rate reduction by the central bank, the market confidence was greatly improved in a short term and the purchasers' paying ability was enhanced, so that the demand generated earlier could be satisfied and there was a rise in the market at the end of the year. However, the downward trend in the property market during the whole year could not be stopped and there was overall depression in the market with a decline in both price and quantity throughout the year in 2014, as compared with last year in 2013.

In 2014, the overall policy of real estate industry in the PRC changed from administrative intervention to market operation and from central control to local guiding, bottom-up principle and classification regulation. In March 2013, National New-type Urbanization Plan (2014-2020) was officially released, putting forward that the urbanization rate of permanent resident population should reach about 60% in 2020, which was 53.7% at the moment, and the urbanization rate of household registered population should reach about 45%, which was 36% at the moment. In light of this, the increasing city population would bring a huge rigid demand. Meanwhile, the new administration has listed the reconstruction of shanty towns as one of the important actions to deepen the reform, and it was expected that shanty towns and villages in the city accommodating 100 million people would be reconstructed. In the next three years, the reconstruction of shanty towns would release the high-quality land in the central areas in some first-tier and second-tier cities.

In 2014, the average price and transaction amount in first-tier cities showed an overall upward trend. The average price in the second-tier cities kept stable. In November and December, influenced by the interest rate reduction by the central bank, the average price and transaction amount in the first-tier and second-tier cities increased relatively greatly. In the first-tier cities, the callback range in the first three quarters was the largest, and the trend of turnaround in the fourth quarter was the most notable. In the second-tier cities, the polarization has become increasingly fierce. At the end of the year, the turnover in Hangzhou, Nanjing, Wuhan, Zhengzhou, etc. increased constantly, thus the short-term sales risk decreased constantly accordingly, while the market in some cities reacted slowly, the turnover in Qingdao, Dalian, Shenyang, Changchun, etc. appearing to be weak. Restricted by the market scale and the speed of city development and being in a weak situation, the third-tier cities couldn't stop the declines. However, promoted by favorable local policies, some third-tier cities performed better than expected under the circumstances of real estate turnover being shrinking in the country, realizing the enlargement of turnover scale.

OVERALL PERFORMANCE

The Group reported a loss attributable to owners of the Company for the year ended 31 December 2014 of approximately HK$120.2 million (year ended 31 December 2013: profit of HK$59.8 million). The Group's revenue for the current financial year has increased significantly by 55.7% to approximately HK$4,713.5 million (year ended 31 December 2013: HK$3,028.2 million) as a result of increase in sales in distribution of information products and property development business. The Group's gross profit has increased by 47.1% to approximately HK$240.2 million (year ended 31 December 2013: HK$163.4 million). The gross profit margin decreased from last financial year's 5.4% to current financial year's 5.1% due to the intense competition in distribution of information products business. Total selling and distribution expenses and administrative expenses for the current financial year have increased by 41.4% to approximately HK$305.9 million (year ended 31 December 2013: HK$216.4 million). The decline in the Group's operating results was mainly due to the net results of:

a. one-off gain on bargain purchase arising from the acquisition of subsidiaries engaged in property development and investment business of approximately HK$128.6 million for the year ended 31 December 2013;

b. an increase in other income and gains by 195.4% to approximately HK$22.1 million (year ended 31 December 2013: HK$7.5 million) attributable to increase in fair value gains on investment properties;

c. an increase in selling and distribution expenses and administrative expenses by 41.4% to approximately HK$305.9 million (year ended 31 December 2013: HK$216.4 million) attributable to the expansion of the property development business;

d. an increase in finance costs by 44.1% to approximately HK$87.5 million (year ended 31 December 2013: HK$60.7 million) as a result of increase in bank and other borrowings; and

e. an increase in the share of losses of associates by 39.5% to approximately HK$7.1 million (year ended 31 December 2013: HK$5.1 million) as a result of decline in sales of mobile phones distributed in Hong Kong.

Basic and diluted loss per share attributable to equity holders of the Company for the year ended 31 December 2014 were HK5.00 cents (year ended 31 December 2013: earnings of HK3.51 cents) and HK5.00 cents (year ended 31 December 2013: earnings of HK2.64 cents), respectively.

With strong support from Peking University and Peking Founder and its subsidiaries (collectively "Peking Founder Group"), the Group successfully acquired 12 property development projects in Chongqing, Changsha, Foshan, Chengdu, Guiyang, Qingdao and Wuhan from PKU Resources Group. The transaction completed on 2 January 2015. The Group's strategic transformation to real estate business is fully realized.

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the property development business of the Group (the "Property Development Business") for the current financial year was approximately HK$190.4 million (year ended 31 December 2013: Nil). The segment results recorded a loss of approximately HK$90.3 million (year ended 31 December 2013: HK$56.6 million). The increase in segment loss was due to increase in selling and distribution expenses and administrative expenses arising from the expansion of property development business.

During the current financial year, the Group has been actively preparing the pre-development work in respect of a number of properties and made good progress. As of 31 December 2014, the Group's total construction area has reached 716,018 sq.m.

Contracted Sales

During the current financial year, PKU Resources • Yuefu Project in Tianjin and PKU Resources • Time Project (West) in Changsha City have been pre-sold, along with Li Cheng Project in Kunshan City on the continued sale. During the year ended 31 December 2014, property with a total area of 53,487 sq.m. has been pre-sold, at an average price of approximately RMB7,718 per sq.m.. During the year ended 31 December 2014, the Group recorded contracted pre-sale of property of RMB412.8 million (year ended 31 December 2013: RMB408.4 million).

Land Bank

Since business transformation, the Group has taken an active and robust strategy to procure land. As of 31 December 2014, the Group has possessed eight projects in seven cities, with a total land bank of 2,589,158 sq.m.

In 2014, the Group has obtained the land use rights of 4 projects in Tianjin, Chengdu, etc. through public transfer procedures. Among which, the Group successfully obtained the "Sanli" land at Tianjin Xinbadali at the bottom price of RMB3,973 million on 9 July 2014. "Sanli" is located in the central area of Xinbadali of Hexi District in Tianjin. The Group is committed to building the "Sanli" land into a new land mark integrating commercial projects, residential buildings and super high-rise buildings. The Group will also build a 6,600 sq.m. city-level new cultural center at "San Li" and introduce Peking University Lecture Hall and Academy of Peking University, which will be open to the public to enhance the cultural life of the community.

List of New Land Parcels

Project	Location	Property type	Total site area (sq.m.)	Estimated total GFA (sq.m.)	Interest attributable to the Group
PKU Resources • Yuefu	Tianjin	Residential, commercial	235,635	278,365	70%
PKU Resources • Sanchengli	Tianjin	City complex integrating residential, commercial, office and apartment	69,084	464,421	60%
PKU Resources • Heyuan	Chengdu	Residential	51,961	229,175	70%
PKU Resources City	Kaifeng	Commercial, residential	647,147	647,147	100%

Assuming that consolidation of the target assets acquired on 2 January 2015 is taken into account, as of the date of annual report, the Group possesses 19 real estate development projects, 1 holding-type property project and 1 holding-type property project with right of entrusted operation in 12 cities across China. The Group's expanded land bank is about 5,727,982 sq.m, leading the volume of its real estate sector increased significantly. In 2015, the Group is expected to begin construction of 4 new projects and 5 projects are expected to be presold. There will be 17 projects under construction, together with a total of 16 projects on sale. The Group's income ratio from real estate sector is expected to increase comprehensively in 2015.

Property Investment

The property investment business of the Group (the "Property Investment Business") recorded a turnover of approximately HK$65.8 million (year ended 31 December 2013: HK$51.1 million) and segment profit of approximately HK$46.8 million (year ended 31 December 2013: HK$21.5 million) during the current financial year. The improvement in segment results was due to increase in segment revenue and fair value gains on investment properties.

The investment property projects held or assigned to be managed by the Group are located in the favorable location of Beijing and Wuhan, providing a stable cash income for the Group during the reporting period.

Founder International Building is located in the western area of Zhongguancun, Haidian District, Beijing, which enjoy a fabulous location, with a site area of 5,121 sq.m and the total floor area of 51,159 sq.m. There are a total of 17 above-ground floors, while the 4th floor being underground, floors 1st–3rd being shops, and floors 3rd–17th being office buildings. In 2014, Founder International Building accumulatively recorded an annual rental income of RMB48.2 million, with an occupancy rate of approximately 96.3%.

Wuhan International Building is located on Dandong Road, Jianghan District, which is a flourishing block in Wuhan City, Hubei Province, with a total GFA of 26,963 sq.m. In 2014, Wuhan International Building recorded an accumulated annual rental income of RMB7.2 million, with an occupancy rate of approximately 99.4%.

On 19 June 2014, the Group acquired a property located on the 29th floor of The Sun's Group Centre at 200 Gloucester Road, Wanchai, Hong Kong, from an independent third party at a total consideration of HK$132,984,000. The Group will either use the property by itself or lease out the property depending on the market circumstances. The directors have full confidence about the long-term outlook for the commercial properties in Hong Kong, and consider that the acquisition will be beneficial to optimize the Group's property portfolio.

Distribution Business

Distribution of information products

The distribution business of the Group recorded a turnover of approximately HK$4,457.2 million representing a significant increase of 49.7% as compared to last financial year (year ended 31 December 2013: HK$2,977.1 million). The segment results recorded a profit of HK$51.1 million (year ended 31 December 2013: HK$35.2 million). The improvement in segment results was in line with the increase in segment revenue.

The distribution business of the Group (the "Distribution Business") is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec and UPS power supply of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Brocade, Corning, Kedacom, Avaya, Eaton, LG Security products, DELL, CPI and Uniview. The increase in turnover during the current financial year is mainly attributable to launch of new products of existing and new product lines during the current financial year.

As the business environment in China is becoming more competitive and the unfavorable factors arising from the macro-control policies, the management of the Group will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business.

PROSPECTS

Real Estate Business

Outlook and development strategy for 2015

It is expected that growth of the macro-economy in the next year is going to slow down further. Ensuring steady growth and adjusting economic structure will still be the focus of policy making. Policy and monetary environments tend to get loose, but the overall monetary policy will remain steady. With the quit of administrative overrides like purchase or loan quota, the adjustment returns to the market in regulating economic activities and more long-term mechanisms are expected to be established. Land transactions are also expected to be revived with intensified market confidence. The housing market is believed to be buoyant but with slowed down growth. Housing price is going to recover steadily. Regional differentiation is expected to become even more obvious. The prices in first-tier cities and some second-tier cities tend to stabilize, while the short-term requirements for third-tier and four-tier cities are saturated, with still much room for growth in the long term. "Stock removal" will remain the main tone of the market within the next three years. The year 2015 is not only a year for the property market gone into depth adjustment, but also a year to lay the foundations for the market position in the next 5 years. Urban and rural planning and arranging ability, industry instruction ability, city planning ability, ability to construct city supporting system and industry innovation ability will be the key competitiveness.

In the next three years, the Group will continue to adhere to the strategic positioning of being the integrated-resources based urban operator. By relying on the profound cultural foundation of Peking University and the industrial advantages of Peking Founder Group, our Group will take advantage of the cost of land at a low premium, adopt the differentiation strategy and build a characteristic business model, striving to become the pioneer and leader of city operation mode with Chinese characteristics.

As for the specific measures, the first is to increase the income and form the brand effect to compensate for the risk of net profit decrease caused by the decrease of net profit rate. The second is to fasten the O2O strategy implementation of new cultural community and Resources Home to increase the key competitiveness of the brand. The third is to improve the current management system, insist on the accurate positioning of products and regions, operate intensively and meticulously, fasten the development, control the prime cost.

Continue to integrate resources
Ever since 2012, Peking Founder Group and PKU Resources Group have successively injected to the Group fourteen development projects, one project of property for hold and the entrusted operating rights of one project of property for hold, which has laid a solid foundation for both the successful transformation to real estate business and the enlargement of property development. The Company, by integrating the unique advantages of Peking University and Peking Founder Group, provides on-going services for customers on the basis of traditional real estate development, so as to enhance its competitiveness and sustained profitability.

Believes in the positive potential of culture
As a successor of Peking University's tradition of new culture, the Group highlights cultural elements in project operation and also believes that the power of culture will make it advantageous in competition. Therefore, orientations of the Group's projects will be new cultural communities based on Peking University's profound humanity, top-rated talents, outstanding wisdom and knowledge reserve. The communities, being integrations of Peking Founder's quality resources in medical, financial, technology, educational, and cultural industries, will promote regional value growth and become unique housing brands.

Every single new cultural community to be established in the future by the Group is going to have a landmark, the "New Cultural Center". The basic facilities include the PKU Resources Hall, libraries, theatres, classrooms, exhibition rooms, alumni hall, PKU Health Center, etc.

Increase the proportion of property for hold
In addition to continuing to focus on property development projects, the Group will also try to expand the product line, to properly increase the proportion of holding properties. In particular, it will focus on investment opportunities with commercial, hotel and urban complex located in the prime locations of one and second-tier cities in China's mainland, in order to obtain stable revenues and continuing cash flow through investment on property in the smooth performance period.

Low premium reserve of land, speedy de-stocking and consistent service

In the future, the Group is going to strive for expansion and purchase of land reserve of potentiality at lower costs. By actively participating in the urban planning and assisting with the introduction of locally scarce public facilities, such as hospitals and schools, it will greatly improve its competitiveness in obtaining land from the local market. By upgrading the quality and competitiveness in developing products with low-cost land, it will get higher premium from sales, promote the recognition of sales and fast turnover and create continuous income sources through continuous service, meeting customers' full life cycle needs.

The Group is also going to have more delicate operations in existing business cities by grouping them into cascade communities and quick destocking to ensure re-streams of fund; meanwhile, the Group is going to expand its business into other cities with great potential, good industrial basis and density of population, and increase land reserve through improving regional distribution by mergers and acquisitions. The Group is oriented as a integrated-resources based urban operator. With continuous growth of the Group, it is endeavoring to be the pioneer and avant-garde in distinctive urban operation of China.

Distribution Business

The Distribution Business will continuously refine its product structure to avoid product overlapping and minimize market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business. Moreover, the management will also place stronger emphasis on operating cash flow, stringent control on working capital such as trade receivables and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities.

EMPLOYEE

The Group has developed its human resources policies and procedures based on performance and merits. The Group ensures that the pay level of its employees are competitive and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance.

The Group operates share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the current financial year.

The Group has approximately 731 employees as at 31 December 2014 (31 December 2013: 600). The increase in number of employees mainly arose from the expansion of Property Development Business and Distribution Business during the current financial year.

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the current financial year, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and China. As at 31 December 2014, the Group had approximately HK$8,649.6 million interest-bearing bank and other borrowings (31 December 2013: HK$1,458.3 million), of which HK$359.0 million (31 December 2013: HK$12.1 million) were floating interest bearing and HK$8,290.6 million (31 December 2013: HK$1,446.2 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from PKU Resources.

Bank and other borrowings are denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars"), of which HK$2,497.4 million (31 December 2013: HK$880.1 million) were repayable within one year and HK$6,152.2 million (31 December 2013: HK$578.2 million) were repayable within two years. The Group's banking facilities were secured by corporate guarantee given by the Company, Peking Founder and PKU Resources, and certain of the properties under development, properties held for sale, bank deposits, bills receivable and equity interest in certain subsidiaries of the Group. The increase in bank loans was mainly attributed to the expansion of Property Development Business and Distribution Business.

At 31 December 2014, the Group recorded total assets of approximately HK$17,145.5 million (31 December 2013: HK$5,793.0 million) which were financed by liabilities of approximately HK$15,695.5 million (31 December 2013: HK$4,261.0 million), non-controlling interests of approximately HK$389.0 million (31 December 2013: HK$356.2 million) and equity of approximately HK$1,061.0 million (31 December 2013: HK$1,175.8 million). The Group's net asset value per share as at 31 December 2014 was maintained at HK$0.43 (31 December 2013: HK$0.49).

The Group had total cash and bank balances and pledged deposits of approximately HK$3,604.2 million as at 31 December 2014 (31 December 2013: HK$1,012.0 million). As at 31 December 2014, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity attributable to owners of the parent, was 8.15 (31 December 2013: 1.24) while the Group's current ratio was 1.83 (31 December 2013: 1.63).

As at 31 December 2014, the capital commitments for contracted, but not provided for, properties under development were approximately HK$986.5 million (31 December 2013: HK$565.2 million).

Treasury policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong dollars ("HKD"), RMB and U.S. dollars. Surplus cash is generally placed in short term deposits denominated in HKD, RMB and U.S. dollars.

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. No financial instrument was used for hedging purposes. It is expected that the expected appreciation of RMB in the long-run would have a favourable impact on the Group.

Material acquisitions and disposals of subsidiaries and associates

The Group had no acquisition or disposal of subsidiaries and associates for the year ended 31 December 2014.

Charges on assets

As at 31 December 2014, properties under development of approximately HK$454.4 million (31 December 2013: Nil), bank deposits of approximately HK$295.3 million (31 December 2013: HK$194.6 million) and bills receivable of approximately HK$32.8 million (31 December 2013: HK$34.3 million) were pledged to banks to secure general banking facilities granted, as deposits for construction of the relevant properties and as guarantees deposits for certain mortgage loans granted by banks to purchasers of the Group's properties.

Contingent liabilities

As at 31 December 2014, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$492.4 million (31 December 2013: HK$294.9 million). This represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which are generally available within one to two years after the purchases take possession of the relevant properties.

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

Event after reporting period

On 16 September 2014, the Company, Beijing Tianranju Technology Co., Ltd., Fine Noble Global Limited, Peking University Resources Group Property Co., Limited, Peking Founder, Founder Information, Starry Realm Limited, Peking University Resources Group Holdings Co., Ltd. and Peking University Resources Group entered into a sales and purchase agreement, pursuant to which the Company and Beijing Tianranju Technology Co., Ltd. have agreed to acquire entire issued shares in Extol High Enterprises Limited, Keen Delight Global Limited, Chongqing Peking University Resources Property Co., Limited, Chengdu Peking University Resources Property Co., Limited, Guiyang Peking University Resources Property Co., Limited and Qingdao Peking University Resources Property Co., Limited at total consideration of HK$1,934 million, including HK$1,361 million for the offshore acquisition and HK$573 million for the onshore acquisition, which would be satisfied by a combination of the issuance of consideration shares to Founder Information, and/or all or part of the cash proceeds from the issuance of placement shares and/or all or part of the cash proceeds from the issuance of additional shares and/or the Company's internal cash, external financing and/or financing from the controlling shareholder. The sales shares represented 100% issued shares of entities which are engaged in property development business. Further details of the transactions were set out in the announcements of the Company dated 16 September 2014, 30 November 2014 and 22 December 2014 and the circular of the Company dated 2 December 2014. The above transactions have been completed on 2 January 2015.

On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a framework agreement, pursuant to which (i) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Bolai Property Co., Limited ; and (ii) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell 100% equity interest in Hong Kong Tianranju Holdings Limited, a direct wholly-owned subsidiary of the Company. The total consideration is approximately RMB2,398 million including: (a) approximately RMB650 million, being payment for the share transfer of Qingdao Bolai Property Co., Limited; (b)repayment of (i) RMB500 million, being all the principal of the entrusted loan provided by Peking University Resources Group Property Co., Limited to Qingdao Bolai Property Co., Limited in August 2014; (ii) approximately RMB544 million, being the principal of the entrusted loan owed to Huaneng Guicheng Trust Co., Ltd., an independent third party, since May 2014; and (iii) the interest of the entrusted loan under (i) and (ii) is excluded from the total consideration; and (c) approximately RMB704 million for the share transfer of Hong Kong Tianranju Holdings Limited. On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a sale and purchase agreement, pursuant to which CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Bolai Property Co., Limited. The total consideration is approximately RMB650 million. Further details of the transactions were set out in the announcement of the Company dated 3 March 2015 and the circular of the Company dated 25 March 2015.

On 10 March 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Real Estate (Hong Kong) Development Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a subsequent sale and purchase agreement, CITIC Real Estate (Hong Kong) Development Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell the 100% equity interest in Hong Kong Tianranju Holdings Limited at a total consideration of approximately RMB704 million. Further details of the transactions were set out in the announcement of the Company dated 10 March 2015 and the circular of the Company dated 25 March 2015.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to the overall standards of corporate governance and has always recognised the importance of accountability and communication with shareholders. The Company adopted all the code provisions of Corporate Governance Code (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), as its own code on corporate governance practices.

In the opinion of the directors, the Company has fully complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2014, except for the following deviations:

Provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms Cao Qian, independent non-executive director of the Company, could not attend the special general meeting of the Company held on 13 February 2014 and the annual general meeting of the company held on 30 May 2014 due to business commitment in the PRC. Ms Wong Lam Kit Yee, independent non-executive director of the Company, could not attend the special general meeting of the Company held on 13 February 2014 due to other business commitment. However, all other independent non-executive directors of the Company were present to be available to answer any question to ensure effective communication with shareholders of the Company.

Provision E.1.2 of the CG Code provides that the Chairman of the board should attend the annual general meeting. Ms Yu Li could not attend the special general meeting of the Company held on 13 February 2014 and the annual general meeting of the Company held on 30 May 2014 due to business commitment in the PRC. Mr Zhou Bo Qin, executive director of the Company, was present to be available to answer questions at the special general meeting and the annual general meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

BOARD OF DIRECTORS

As at the date of this Corporate Governance Report, the board of directors of the Company (the "Board") currently comprises six executive directors and three independent non-executive directors. The executive directors are Ms Yu Li (Chairwoman), Mr Fang Hao (President), Mr Zhou Bo Qin, Mr Zhang Zhao Dong, Mr Xie Ke Hai and Mr Zheng Fu Shuang, the independent non-executive directors are Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian. To the best of knowledge of the directors, there is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

The biographical details of each director are disclosed on pages 49 to 50 of this Annual Report.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of directors, remuneration policy and other major operational and financial matters. The Board members have access to appropriate business documents and information about the Group on a timely basis. All Board members have access to the Company Secretary who is responsible for ensuring that the Board procedures, and related rules and regulations, are followed. Minutes of Board/ Committee meetings are kept by the Company Secretary and are open for inspection by Board members. All directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request. Appropriate directors' liability insurance cover has also been arranged to indemnify the Board members for liabilities arising out of corporate activities.

The Board held four regular Board meetings at approximately quarterly intervals during the year ended 31 December 2014. Additional Board meetings were held when necessary. Due notice and Board papers were given to all directors prior to the meetings in accordance with the Listing Rules and the Code.

The attendance record of each director at the Board meetings and general meetings is as follows:

Name of director	Board Meetings attended/ Eligible to attend	Annual General Meeting attended/ Eligible to attend	Special General Meetings attended/ Eligible to attend
Executive Directors			
Ms Yu Li *(Chairwoman)*	3/4	0/1	1/2
Mr Fang Hao	4/4	0/1	1/2
Mr Zhou Bo Qin	4/4	1/1	2/2
Mr Zhang Zhao Dong	3/4	0/1	1/2
Mr Xie Ke Hai	3/4	0/1	0/2
Mr Zheng Fu Shuang	1/4	0/1	1/2
Independent Non-executive Directors			
Mr Li Fat Chung	2/4	1/1	2/2
Ms Wong Lam Kit Yee	2/4	1/1	1/2
Ms Cao Qian	2/4	0/1	1/2

There are also three Board committees under the Board, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee.

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year, directors are provided with monthly updates on the Company's performance, position and prospects to enable the board as a whole and each director to discharge their duties. In addition, all directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

All directors have participated in continuous professional development and have provided to the Company the records of the training they received during the financial year ended 31 December 2014. The individual training record of each director received for the year ended 31 December 2014 is summarised below:

Name of director	Briefings and updates on the business, operations and corporate governance matters	Attending seminars, workshops or self-study of materials relevant to the business or directors' duties
Executive Directors		
Ms Yu Li *(Chairwoman)*	✔	✔
Mr Fang Hao	✔	✔
Mr Zhou Bo Qin	✔	✔
Mr Zhang Zhao Dong	✔	✔
Mr Xie Ke Hai	✔	✔
Mr Zheng Fu Shuang	✔	✔
Independent Non-executive Directors		
Mr Li Fat Chung	✔	✔
Ms Wong Lam Kit Yee	✔	✔
Ms Cao Qian	✔	✔

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices in compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are segregated and are not exercised by the same individual. Ms Yu Li is the Chairwoman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. Mr Fang Hao is the President of the board. The President is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

There are currently three non-executive directors, all of them are independent. Each independent non-executive director has entered into a service agreement with the Company for a period of one year. Pursuant to the Bye-laws of the Company, one third of all the directors, including the non-executive directors, shall be subject to retirement by rotation at each annual general meeting.

All of the three independent non-executive directors are professional accountants and two of them are practicing in Hong Kong. This composition is in compliance with the requirement of rule 3.10 of the Listing Rules. Each independent non-executive director has, pursuant to rule 3.13 of the Listing Rules, provided an annual confirmation of his/her independence to the Company and the Company also considers them to be independent.

REMUNERATION OF DIRECTORS

The Remuneration Committee of the Board was established in 2005 with specific written terms of reference which deal clearly with its authorities and duties. The role and functions of the Remuneration Committee include formulating the remuneration policy, making recommendations to the Board the remuneration packages of all executive directors and senior management, making recommendations to the Board on the remuneration of non-executive directors, reviewing and approving performance-based remuneration, and ensuring that no director or any of his associates is involved in deciding his/her own remuneration.

In 2014, the Remuneration Committee met once to review and discuss the remuneration policy for the directors of the Company and the remuneration packages of all directors of the Company. The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the level of fees paid to the directors, market rates and factors such as each director's workload and required commitment will be taken into account.

No individual director will be involved in decisions relating to his/her own remuneration. Information relating to the remuneration of each director for 2014 is set out in Note 8 to the Company's 2014 Financial Statements.

The members of the Remuneration Committee during the year and their attendance record at the meeting are as follows:

Name of member		Meetings attended/Eligible to attend
Mr Li Fat Chung *(Chairman)*	*(Independent non-executive director)*	1/1
Ms Yu Li	*(Executive director)*	1/1
Ms Wong Lam Kit Yee	*(Independent non-executive director)*	1/1

NOMINATION OF DIRECTORS

The Nomination Committee of the Board was established on 30 March 2012 with specific written terms of reference which deal clearly with its authorities and duties. The role and function of the Nomination Committee include determining the policy for the nomination of directors, setting out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship. The Nomination Committee is also responsible for reviewing the structure, size and diversity of the board.

The Board Diversity Policy was adopted by the Board on 30 April 2013. In designing the Board's composition, Board diversity has been considered from a number of aspect including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. Candidates will be considered against objective criteria, having due regard for the benefits or diversity on the Board.

In 2013, the Nomination Committee met once to review the structure, size and diversity of the Board, nomination procedure and the independence of the independent non-executive directors, and to recommend the Board on the appointment and reappointment of directors and succession planning for directors.

The members of the Nomination Committee during the year and their attendance record at the meeting are as follow:

Name of member		Meetings attended/Eligible to attend
Ms Yu Li *(Chairwoman)*	*(Executive director)*	1/1
Ms Wong Lam Kit Yee	*(Independent non-executive director)*	1/1
Ms Cao Qian	*(Independent non-executive director)*	1/1

AUDIT COMMITTEE

The Audit Committee of the Board has been established in compliance with Rule 3.21 of the Listing Rules with specific written terms of reference in 1998 which deal clearly with its authorities and duties. The Audit Committee now solely comprises independent non-executive directors, namely, Mr Li Fat Chung (Chairman), Ms Wong Lam Kit Yee and Ms Cao Qian. All the committee members possess appropriate professional accounting and financial qualifications.

The primary responsibilities of the Audit Committee include making recommendation to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, developing and implementing policy on the engagement of external auditors to provide non-audit services, monitoring the integrity of the financial statements and the reports of the Company, and overseeing the Company's financial reporting system and internal control procedures.

In 2014, the Audit Committee met three times. During the meetings, the Audit Committee reviewed reports from the independent auditors regarding their audit on annual financial statements, review on interim financial results, discussed the internal control of the Group, and met with the independent auditors. The attendance record of the members of the Audit Committee at the meetings are as follows:

Name of member	Meetings attended/Eligible to attend
Mr Li Fat Chung *(Chairman)*	3/3
Ms Wong Lam Kit Yee	3/3
Ms Cao Qian	1/3

INTERNAL CONTROL

The Board has the ultimate responsibility to maintain a sound and effective internal control system for the Group to safeguard the interests of shareholders and the Group as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Audit Committee is responsible for reviewing the effectiveness of the internal control system and reporting to the Board.

The Group's internal control system comprises a well established organisational structure and comprehensive policies and standards. Areas of responsibilities for each business and functional unit are clearly defined to ensure effective checks and balances. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed to ensure compliance with applicable laws, rules and regulations.

During the year, the Board has carried out an overview on the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions of the Group. No material internal control aspects of any significant problems were noted.

Both the Audit Committee and the Board were satisfied that the internal control system of the Group had functioned effectively during the year under review.

AUDITORS' REMUNERATION

During the year, the remuneration in respect of audit and non-audit services provided by the Company's auditor, Ernst & Young, is summarised as follows:

	HK$'000
Statutory audit services	2,550
Other professional services:	
Acting as reporting accountants for a very substantial acquisition	5,350
Agreed-upon procedures on interim results	560
Limited assurance services on continuing connected transactions	40
Agreed-upon procedures on notifiable transactions	200
Tax compliance services	48
	6,198
Total	8,748

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group for the financial year ended 31 December 2014 which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis in accordance with the statutory requirements and applicable accounting standards. The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 61 to 62 of this Annual Report.

COMPANY SECRETARY

Ms Tang Yuk Bo, Yvonne has been the company secretary of the Company since 1 June 1992. Ms Tang has taken relevant professional training to comply with Rule 3.29 of the Listing Rules for the year ended 31 December 2014.

COMMUNICATION WITH SHAREHOLDERS

The Company affirms its commitment to maintaining a high degree of corporate transparency, communicating regularly with its shareholders and ensuring, in appropriate circumstances, the investment community at large being provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner.

THE SHAREHOLDERS' RIGHTS TO CONVENE A SPECIAL GENERAL MEETING

Pursuant to Section 74 of the Companies Act 1981 of Bermuda and Bye-law 62 of the Bye-laws of the Company, special general meetings shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within three months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

CONSTITUTIONAL DOCUMENTS

The Company did not make any changes in its Memorandum of Association and New Bye-laws during the year.

ON BEHALF OF THE BOARD

Fang Hao
Executive Director

Hong Kong
26 March 2015

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms Yu Li, aged 49, is an executive director and chairwoman of the Company. Ms Yu obtained an EMBA degree from Peking University Guanghua School of Management. Ms Yu has extensive experience in corporate management.

Mr Fang Hao, aged 41, is an executive director and president of the Company. He is also the vice president of Peking Founder. He is a director of a number of associated companies of Peking Founder. Mr Fang obtained an MBA degree from Victoria University of Technology in Australia. He is also a Certified Public Accountant in the People's Republic of China and has extensive experience in corporate strategic management. Mr Fang is responsible for the overall strategic planning and development of the Group.

Mr Zhou Bo Qin, aged 51, is an executive director of the Company. He is also the vice president of Peking Founder. He is a director of a number of associated companies of Peking Founder. Mr Zhou is a director of China Hi-Tech Group Co., Ltd. (Stock Code: 600730), a company listed in the Shanghai Stock Exchange. Mr Zhou obtained a graduate diploma of Finance in Chinese Academy of Social Sciences and has extensive experience in finance and management.

Mr Zhang Zhao Dong, aged 65, is an executive director of the Company. He is also the director and president of Peking Founder and president of Peking University Asset Management Company Limited. He is a director of a number of associated companies of Peking Founder. Mr Zhang graduated from the Department of Geophysics at the Peking University in 1977 and is a research fellow at the Peking University.

Mr Xie Ke Hai, aged 49, is an executive director of the Company. He is also a senior vice-president and chief human resources officer of Peking Founder. Mr Xie graduated from the University of Science & Technology Beijing and obtained a master's degree. He is also a director of a number of associated companies of Peking Founder. He has extensive experience in human resources.

Mr Zheng Fu Shuang, aged 49, is an executive director of the Company. He is also the substantial shareholder of the Company. Mr Zheng graduated from the Institute of Electronics, Chinese Academy of Sciences with a master's degree in Engineering, and Peking University Guanghua School of Management with an EMBA degree. Mr Zheng has over 20 years' experience in the radio film and television business in the PRC. Mr Zheng was awarded the "Best Technology Entrepreneur of Private Enterprise in China" (中國優秀民營科技企業家) and "Outstanding entrepreneurs medal of The Hong Kong Polytechnic University's Bauhinia Cup" (香港理工大學紫荊花杯傑出企業家獎) and "The Eighteenth Beijing May Fourth Medal" (第十八屆北京市「五四獎章」).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Li Fat Chung, aged 54, is an independent non-executive director of the Company and Founder Holdings Limited. Mr Li is a director of Chan, Li, Law CPA Limited in Hong Kong. Mr Li is a Certified Public Accountant (Practising) in Hong Kong and is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He is also an associate member of the Institute of Chartered Accountant in England and Wales and a Certified Tax Adviser of the Taxation Institute of Hong Kong. Mr Li received a master's degree in Business Administration from the University of Warwick, England. Mr Li has extensive experience in auditing, taxation and accounting.

Ms Wong Lam Kit Yee, aged 51, is an independent non-executive director of the Company and Founder Holdings Limited. Mrs Wong is a Certified Public Accountant (Practising) in Hong Kong. She is also a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. Mrs Wong has extensive experience in auditing and accounting.

Ms Cao Qian, aged 51, is an independent non-executive director of the Company. Ms Cao is a Certified Public Accountant in the PRC. Ms Cao graduated from the Central University of Finance & Economics and obtained a bachelor's degree in finance and revenue professional. Ms Cao also received her EMBA degree from the Peking University Guanghua School of Management. Ms Cao has over 20 years of experience in auditing, accounting and financial management.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 63 to 154.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 156 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 155 of the annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 30 and 31 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company had no reserves available for distribution. However, the Company's share premium account, in the amount of approximately HK$666,504,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 50% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 19%.

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

DIRECTORS

The directors of the Company during the year were:

Executive directors:
Ms Yu Li
Mr Fang Hao
Mr Zhou Bo Qin
Mr Zhang Zhao Dong
Mr Xie Ke Hai
Mr Zheng Fu Shuang

Independent, non-executive directors:
Mr Li Fat Chung
Ms Wong Lam Kit Yee
Ms Cao Qian

In accordance with the Company's Bye-laws, Mr Zhang Zhao Dong, Mr Zheng Fu Shuang and Mr Li Fat Chung will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 49 to 50 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENTS

The emoluments of the directors of the Company are determined by reference to the market rates, commitment, contribution and their duties and responsibilities within the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

At 31 December 2014, the interests and short positions of the directors in the share capital, underlying shares and debenture of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

	Number of ordinary shares held, capacity and nature of interest			
Name of director	Directly beneficially owned	Through controlled corporation (note)	Total	Percentage of the Company's issued share capital
Mr Zhang Zhao Dong	14,470,050	–	14,470,050	0.59
Mr Zheng Fu Shuang	200,019,000	584,984,000	785,003,000	13.11
Mr Xie Ke Hai	10,514,050	–	10,514,050	0.43

Note: Mr Zheng Fu Shuang is interested 584,984,000 shares to be issued as at completion of placing, through Starry Nation Limited, a company which is ultimately beneficially owned by Mr Zheng Fu Shuang.

Long positions in share options of the Company:

Name of director	Number of options directly beneficially owned
Ms Yu Li	16,339,690
Mr Fang Hao	16,339,690
Mr Zhou Bo Qin	16,339,690
Mr Zhang Zhao Dong	16,339,690
Mr Xie Ke Hai	16,339,690
	81,698,450

Save as disclosed above, as at 31 December 2014, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company operates share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the scheme are disclosed in note 31 to the financial statements.

The following table discloses movements in the Company's share options outstanding during the year:

Name or category of participant	Number of share options At 1 January 2014	Exercised during the year	At 31 December 2014	Date of grant of share options (Note 1)	Exercise period of share options (Note 2)	Exercise price of share options (Note 3) HK$ per share
Executive Directors						
Ms Yu Li	16,339,690	–	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Fang Hao	16,339,690	–	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Zhou Bo Qin	16,339,690	–	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Zhang Zhao Dong	16,339,690	–	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Zhang Zhao Dong	10,514,050	(10,514,050)	–	5.12.2011	5.12.2012 to 4.12.2014	0.281
Mr Xie Ke Hai	10,514,050	(10,514,050)	–	5.12.2011	5.12.2012 to 4.12.2014	0.281
Mr Xie Ke Hai	16,339,690	–	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Subtotal	102,726,550	(21,028,100)	81,698,450			
Other employees of the Group						
In aggregate	10,514,050	(10,514,050)	–	5.12.2011	5.12.2012 to 4.12.2014	0.281
In aggregate	81,698,450	–	81,698,450	10.6.2013	10.6.2014 to 9.6.2016	0.910
Subtotal	92,121,500	(10,514,050)	81,698,450			
Other employee of the substantial shareholder of the Company						
In aggregate	10,514,050	(10,514,050)	–	5.12.2011	5.12.2012 to 4.12.2014	0.281
Total	205,453,100	(42,056,200)	163,396,900			

Notes to the table of share options outstanding during the period:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The options granted on 5 December 2011 are exercisable in the following two tranches:

   (i) First 40% of the options are exercisable from 5 December 2012 to 4 December 2014; and

   (ii) The remaining 60% of the options are exercisable from 5 December 2013 to 4 December 2014.

   The options granted on 10 June 2013 are exercisable in the following two tranches:

   (i) First 40% of the options are exercisable from 10 June 2014 to 9 June 2016; and

   (ii) The remaining 60% of the options are exercisable from 10 June 2015 to 9 June 2016.

3. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

4. The weighed average closing price of the Company's shares immediately before the exercise dates of the share option was HK$0.83 per Share.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 December 2014, so far it is known to the directors of the Company, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long position:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
北大資產經營有限公司 (Peking University Asset Management Company Limited*)	1	Through a controlled corporation	3,850,134,407	64.29
北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*)	2	Through a controlled corporation	3,850,134,407	64.29
北大資源集團控股有限公司 (Peking University Resources Group Holdings Co., Ltd.*)	3	Through a controlled corporation	3,850,134,407	64.29
北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder")	4	Through a controlled corporation	3,850,134,407	64.29
Founder Information (Hong Kong) Limited ("Founder Information")	5	Directly beneficially owned	3,850,134,407	64.29
Mr Zheng Fu Shuang	6	Through a controlled corporation and directly beneficially owned	785,003,000	13.11
Shine Crest Group Limited	7	Through a controlled corporation	584,984,000	9.77
Starry Nation Limited	8	Directly beneficially owned	584,984,000	9.77
Rongtong Fund Management Co. Ltd.	9	Through a controlled corporation	575,076,000	9.60
Rongtong Ronghai No. 10 SMA QDII		Directly beneficially owned	575,076,000	9.60

* *For identification purpose only*

Notes:

1. Peking University Asset Management Company Limited is deemed to be interested in the 3,850,134,407 shares of the Company under the SFO by virtue of its interest in Peking Founder.

2. Peking University Resources Group Co., Ltd. is deemed to be interested in the 3,850,134,407 shares of the Company under the SFO by virtue of its interest in Peking University Resources Group Holdings Co., Ltd..

3. Peking University Resources Group Holdings Co., Ltd. is deemed to be interested in the 3,850,134,407 shares of the Company under the SFO by virtue of its interest in Founder Information.

4. Peking Founder is deemed to be interested in the 3,850,134,407 shares of the Company under the SFO by virtue of its interest in Founder Information.

5. Founder Information is interested in the 3,850,134,407 shares of the Company, out of which (i) 427,906,976 shares are to be allotted and issued upon exercise of convertible bonds; and (ii) 2,096,846,153 shares are to be issued as at completion of acquisition of subsidiaries.

6. Mr Zheng Fu Shuang is interested in 785,003,000 shares of the Company, out of which 200,019,000 shares are held directly by Mr Zheng Fu Shuang and 584,984,000 shares are held through Starry Nation Limited.

7. Shine Crest Group Limited is deemed to be interested in the 584,984,000 shares of the Company under the SFO by virtue of its interest in Starry Nation Limited.

8. Starry Nation Limited is interested in the 584,984,000 shares of the Company which are to be issued as at completion of placing.

9. Rongtong Fund Management Co. Ltd. is deemed to be interested in 575,076,000 shares of the Company under the SFO by virtue of its interest in Rongtong Ronghai No. 10 SMA QDII.

Save as disclosed above, so far it is known to the directors of the Company, as at 31 December 2014, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions are set out in notes 37(I)(a), (b), (d) to (f), (j), (l) to (p) to the financial statements.

The independent non-executive directors of the Company have reviewed the continuing connected transactions as set out in notes 37(I)(a), (b), (d) to (f), (j), (l) to (p) to the financial statements, and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or, if there are no sufficient comparable transaction to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

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

PLACING OF NEW SHARES

Placing of new shares

On 27 November 2013, after trading hours, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent conditionally agreed with the Company to endeavor to place up to 326,792,000 placing shares to not less than six placees which are professional, institutional or other investors, who and whose ultimate beneficial owners are independent third parties at the placing price of HK$0.80 per placing share. The placing price of HK$0.80 per placing share represented a discount of approximately 19.19% to the closing price of HK$0.99 per share as quoted on the Stock Exchange on 27 November 2013.

The placing was completed on 23 December 2013. 326,792,000 placing shares was successfully placed at a price of HK$0.80 per share pursuant to the placing agreement. The aggregate nominal value of the placing shares is HK$32,679,200. The aggregate gross and net proceeds from the placing are approximately HK$261.4 million and approximately HK$260.0 million, respectively. The net price to the Company of each placing share, which is calculated by dividing the aggregate net proceeds from the placing by the total number of placing shares, is approximately HK$0.796.

The directors of the Company consider the placing represents a good opportunity to raise additional funds and widen the shareholder base of the Company. Accordingly, the directors consider that the placing is in the interests of the Company and shareholders as a whole.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the placees and their ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

Use of proceeds

As at 31 December 2014, the net proceeds of the placing had been fully utilized as intended as in approximately 50% of the net proceeds of the placing in the acquisition of new land and development of new projects and approximately 50% of the net proceeds as general working capital of the Group.

Price Determination Agreement

On 22 December 2014, the Company and the placing agent entered into a price determination agreement (the "Price Determination Agreement"), pursuant to which the final issue price of the placement shares has been determined at HK$0.65 per share, which is the low-end of the proposed issue price range (exclusive of the brokerage, SFC transaction levy and Stock Exchange trading fee), and the total number of placement shares has been determined to be 1,454,376,000. The placing agent has confirmed that as at the date of the Price Determination Agreement, the placing shares of approximately HK$945 million had been subscribed by purchasers procured by it in accordance with the placing agreement.

The final issue price of HK$0.65 per share represents a discount of approximately 4.41% to the closing price of HK$0.68 per share as quoted on the Stock Exchange on 19 December 2014.

Since the number of allottees is less than six, the Company is required to disclose the name of the allottees pursuant to Rule 13.28(7) of the Listing Rules, which are Kanway International Development Limited, Rongtong Fund Management Co., Ltd, Noble Dragon International Holdings Limited and Starry Nation Limited. Save as Starry Nation Limited through which the respective placement shares are placed to Mr Zheng Fu Shuang, each of Kanway International Development Limited, Rongtong Fund Management Co., Ltd and Noble Dragon International Holdings Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, is independent of and not connected or acting in concert with the Company, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or associates of any of them.

The placing was completed on 2 January 2015. 1,454,376,000 placing shares was successfully placed at a price of HK$0.65 per share pursuant to the placing agreement. The aggregate nominal value of the placing shares is HK$145,437,600. The aggregate gross and net proceeds from the placing are approximately HK$945.3 million and approximately HK$927.3 million, respectively. The net price to the Company of each placing share, which is calculated by dividing the aggregate net proceeds from the placing by the total number of placing shares, is approximately HK$0.64.

Use of Proceeds

As at 31 December 2014, the net proceeds of the placing had not been utilized. The Company intended to use the net proceeds of the placing to replenish its working capital for, among others, future project development, land acquisition and general corporate use.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 41 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Fang Hao
Executive Director

Hong Kong
26 March 2015

Independent Auditors' Report

To the shareholders of Peking University Resources (Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Peking University Resources (Holdings) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 63 to 154, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

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

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

26 March 2015

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	5	**4,713,472**	3,028,185
Cost of sales		**(4,473,250)**	(2,864,829)
Gross profit		**240,222**	163,356
Gain on bargain purchase	33	**–**	128,568
Other income and gains	5	**22,127**	7,491
Selling and distribution expenses		**(170,257)**	(129,128)
Administrative expenses		**(135,691)**	(87,309)
Other operating income, net		**8,153**	19,037
Finance costs	7	**(87,452)**	(60,672)
Share of profits and losses of associates		**(7,121)**	(5,106)
PROFIT/(LOSS) BEFORE TAX	6	**(130,019)**	36,237
Income tax expense	10	**(23,766)**	(6,809)
PROFIT/(LOSS) FOR THE YEAR		**(153,785)**	29,428
Attributable to:			
Owners of the parent	11	**(120,170)**	59,767
Non-controlling interests		**(33,615)**	(30,339)
		(153,785)	29,428
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**HK(5.00) cents**	HK3.51 cents
Diluted		**HK(5.00) cents**	HK2.64 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(153,785)**	29,428
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(37,795)**	29,928
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(37,795)**	29,928
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(37,795)**	29,928
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(191,580)**	59,356
Attributable to:		
Owners of the parent	**(148,002)**	77,305
Non-controlling interests	**(43,578)**	(17,949)
	(191,580)	59,356

Consolidated Statement of Financial Position

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**25,943**	12,378
Investment properties	14	**362,256**	209,180
Prepaid land lease payments	15	**10,549**	11,385
Goodwill	16	**–**	–
Other intangible assets	17	**732**	56
Investments in associates	19	**22,763**	29,884
Total non-current assets		**422,243**	262,883
CURRENT ASSETS			
Properties under development	20	**11,000,940**	3,202,723
Properties held for sale	21	**190,372**	253,170
Inventories	22	**338,748**	224,780
Trade and bills receivables	23	**1,079,160**	695,473
Prepayments, deposits and other receivables		**486,701**	122,575
Taxes recoverable		**23,124**	19,374
Restricted cash	24	**295,291**	194,642
Cash and cash equivalents	25	**3,308,916**	817,391
Total current assets		**16,723,252**	5,530,128
CURRENT LIABILITIES			
Trade and bills payables	26	**4,346,442**	968,181
Other payables and accruals		**2,281,526**	1,544,820
Interest-bearing bank and other borrowings	27	**2,497,423**	880,140
Tax payable		**24,271**	5,010
Total current liabilities		**9,149,662**	3,398,151
NET CURRENT ASSETS		**7,573,590**	2,131,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,995,833**	2,394,860

Consolidated Statement of Financial Position (continued)

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	6,152,179	578,198
Long term payable	28	182,046	62,071
Deferred tax liabilities	29	211,606	222,583
Total non-current liabilities		6,545,831	862,852
Net assets		1,450,002	1,532,008
EQUITY			
Equity attributable to owners of the parent			
Issued capital	30	244,003	239,797
Reserves	32(a)	817,014	935,966
		1,061,017	1,175,763
Non-controlling interests		388,985	356,245
Total equity		1,450,002	1,532,008

Fang Hao
Director

Zhou Bo Qin
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

		Attributable to owners of the parent										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Employee share-based compensation reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	General reserve HK$'000 (note 32)	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013		110,606	156,019	3,208	520,156	42,866	10,558	–	(523,438)	319,975	–	319,975
Profit/(loss) for the year		–	–	–	–	–	–	–	59,767	59,767	(30,339)	29,428
Other comprehensive income for the year: Exchange differences on translation of foreign operations		–	–	–	–	17,538	–	–	–	17,538	12,390	29,928
Total comprehensive income for the year		–	–	–	–	17,538	–	–	59,767	77,305	(17,949)	59,356
Acquisition of subsidiaries	30(a), 33	52,791	179,488	–	–	–	–	205,088	–	437,367	355,247	792,614
Issue of convertible bonds classified as equity	33	–	–	–	–	–	–	62,000	–	62,000	–	62,000
Conversion of convertible bonds	30(b)	43,721	91,259	–	–	–	–	(134,980)	–	–	–	–
Placing of new shares	30(c)	32,679	227,575	–	–	–	–	–	–	260,254	–	260,254
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	18,947	18,947
Equity-settled share option arrangements	31	–	–	18,862	–	–	–	–	–	18,862	–	18,862

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2014

		Attributable to owners of the parent										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Employee share-based compensation reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	General reserve HK$'000 (note 32)	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2013 and 1 January 2014		239,797	654,341*	22,070*	520,156*	60,404*	10,558*	132,108*	(463,671)*	1,175,763	356,245	1,532,008
Loss for the year		–	–	–	–	–	–	–	(120,170)	(120,170)	(33,615)	(153,785)
Other comprehensive income for the year: Exchange differences on translation of foreign operations		–	–	–	–	(27,832)	–	–	–	(27,832)	(9,963)	(37,795)
Total comprehensive income for the year		–	–	–	–	(27,832)	–	–	(120,170)	(148,002)	(43,578)	(191,580)
Issue of shares	30(d)	4,206	12,163	(4,551)	–	–	–	–	–	11,818	–	11,818
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	76,318	76,318
Equity-settled share option arrangements	31	–	–	21,438	–	–	–	–	–	21,438	–	21,438
At 31 December 2014		244,003	666,504*	38,957*	520,156*	32,572*	10,558*	132,108*	(583,841)*	1,061,017	388,985	1,450,002

* These reserve accounts comprise the consolidated reserves of HK$817,014,000 (2013: HK$935,966,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:		(130,019)	36,237
Adjustments for:			
Finance costs	7	87,452	60,672
Share of profits and losses of associates		7,121	5,106
Interest income	5	(7,516)	(6,165)
Depreciation	6	3,610	4,081
Gain on disposal of items of property, plant and equipment	6	(61)	(721)
Amortisation of intangible assets	6	87	10
Amortisation of land lease payments	6	331	332
Impairment of goodwill	6	–	2,892
Impairment/(reversal of impairment) of trade receivables	6	1,222	(25,058)
Write-back of trade and other payables	6	(8,188)	(15,517)
Provision for obsolete inventories	6	2,402	2,222
Changes in fair value of investment properties	5	(12,893)	(1,326)
Gain on bargain purchase	33	–	(128,568)
Equity-settled share option expense	31	21,438	18,862
		(35,014)	(46,941)
Increase in inventories		(115,397)	(40,745)
Increase in trade and bills receivables		(384,607)	(37,997)
Increase in properties under development		(7,440,380)	(1,648,082)
(Increase)/decrease in properties held for sale		62,798	(253,170)
Increase in prepayments, deposits and other receivables		(364,126)	(57,546)
Increase in trade and bills payables		3,378,261	314,150
Increase in other payables and accruals		744,894	899,735
Decrease in long term payable		–	(3,000)
Exchange differences		(12,752)	54,245
Cash used in operations		(4,166,323)	(819,351)
Interest received		7,516	2,876
Interest paid		(443,405)	(113,404)
Mainland of the People's Republic of China ("Mainland China" or the "PRC") corporate income tax refunded/(paid)		(9,885)	687
Land appreciation tax paid		(3,750)	(19,374)
Hong Kong profits tax paid		–	(409)
Net cash flows used in operating activities		(4,615,847)	(948,975)

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Net cash flows used in operating activities		**(4,615,847)**	(948,975)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**–**	4,954
Purchases of items of property, plant and equipment	13	**(19,739)**	(6,774)
Purchases of intangible assets	17	**(763)**	(66)
Purchase of an investment property	14	**(145,536)**	–
Proceeds from disposal of items of property, plant and equipment		**431**	3,349
Increase in time deposits with original maturity of over three months when acquired		**(2,840,519)**	(340)
Advance of entrusted loans to related companies		**–**	(63,950)
Repayment of entrusted loans from related companies		**–**	113,750
Increase in restricted cash		**(100,649)**	(82,811)
Acquisition of subsidiaries	33	**–**	303,738
Net cash flows from/(used in) investing activities		**(3,106,775)**	271,850
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	30	**11,818**	260,254
New bank loans		**1,238,078**	1,697,986
Repayment of bank loans		**(869,106)**	(1,119,245)
New trust receipt loans		**49,067**	12,112
Repayment of trust receipt loans		**(12,112)**	–
New other loans		**7,856,867**	578,198
Repayment of other loans		**(1,071,530)**	(311,250)
Increase in long term payable		**119,975**	62,071
Capital contributions from non-controlling shareholders		**76,318**	18,947
Net cash flows from financing activities		**7,399,375**	1,199,073
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(323,247)**	521,948
Cash and cash equivalents at beginning of year		**804,601**	279,544
Effect of foreign exchange rate changes, net		**(25,747)**	3,109
CASH AND CASH EQUIVALENTS AT END OF YEAR		**455,607**	804,601

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**406,315**	758,601
Non-pledged time deposits	25	**2,902,601**	58,790
Cash and cash equivalents as stated in the consolidated statement of financial position		**3,308,916**	817,391
Non-pledged time deposits with original maturity of over three months when acquired	25	**(2,853,309)**	(12,790)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**455,607**	804,601

Statement of Financial Position

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	18	**1,221,584**	827,930
Total non-current assets		**1,221,584**	827,930
CURRENT ASSETS			
Prepayments, deposits and other receivables		**740**	483
Cash and cash equivalents	25	**24,745**	310,961
Total current assets		**25,485**	311,444
CURRENT LIABILITIES			
Other payables and accruals		**12,879**	8,193
Total current liabilities		**12,879**	8,193
NET CURRENT ASSETS		**12,606**	303,251
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,234,190**	1,131,181
NON-CURRENT LIABILITY			
Long term payable	28	**182,046**	62,071
Net assets		**1,052,144**	1,069,110
EQUITY			
Issued capital	30	**244,003**	239,797
Reserves	32(b)	**808,141**	829,313
Total equity		**1,052,144**	1,069,110

Fang Hao
Director

Zhou Bo Qin
Director

1. CORPORATE INFORMATION

Peking University Resources (Holdings) Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company are located at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- distribution of information products
- property development
- property investment

As at 31 December 2014, the Company was owned as to approximately 54.44% by Founder Information (Hong Kong) Limited ("Founder Information") which was in turn owned as to approximately 97.36% by 北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder").

* For identification purpose only

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

[1] Effective from 1 July 2014

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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

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

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

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

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

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

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

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

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

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

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

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

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(continued)*

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Business combinations and goodwill

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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

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

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

Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

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

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

 (i) the entity and the Group are members of the same group;

 (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

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

Leasehold improvements	Over the shorter of the lease terms or $66^2/_3\%$
Furniture, fixtures and office equipment	$12^1/_2\%$ – $33^1/_3\%$
Motor vehicles	10% – 25%

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

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

Investment properties

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of two to five years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating leases

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payables, other payables, long term payable and interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties held for sale

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

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

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

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

(b) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreements, and the collectability of related receivables is reasonably assured;

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

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

(e) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

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

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

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

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

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made based on a percentage of the participating employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements

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

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Estimation uncertainty

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

Impairment of trade receivables

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. Further details are included in note 23 to the financial statements.

Provision for properties held for sale and obsolete inventories

Management reviews the market conditions and ageing analysis of properties held for sale and inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving properties held for sale and inventory items identified that are no longer suitable for sale. Management estimates the net realisable value for such inventories based primarily on the latest selling prices and current market conditions. If the condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. During the year of 2013, the Group fully impaired the goodwill of HK$2,892,000. Further details are included in note 16 to the financial statements.

Estimation of fair value of investment properties

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

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

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

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

The carrying amount of investment properties at 31 December 2014 was HK$362,256,000 (2013: HK$209,180,000). Further details, including the key assumptions used for the fair value measurement, are given in note 14 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 29 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a)	Distribution of information products:	Sales of information products
(b)	Property development:	Sales of properties
(c)	Property investment:	Leasing and subleasing of properties

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

Segment assets exclude restricted cash, cash and cash equivalents, investments in associates, taxes recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, long term payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2014

	Distribution of information products HK$'000	Property development HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue				
Sales to external customers	4,457,199	190,442	65,831	4,713,472
Segment results	51,133	(90,294)	46,822	7,661
Reconciliation:				
Interest income				7,516
Foreign exchange differences, net				207
Corporate and unallocated expenses				(50,830)
Finance costs				(87,452)
Share of profits and losses of associates				(7,121)
Loss before tax				(130,019)
Segment assets	2,548,794	11,512,975	855,384	14,917,153
Reconciliation:				
Elimination of intersegment receivables				(1,426,767)
Investments in associates				22,763
Corporate and other unallocated assets				3,632,346
Total assets				17,145,495
Segment liabilities	639,739	5,786,804	1,116,932	7,543,475
Reconciliation:				
Elimination of intersegment payables				(1,426,767)
Corporate and other unallocated liabilities				9,578,785
Total liabilities				15,695,493
Other segment information:				
Fair value gains on investment properties	–	–	12,893	12,893
Impairment of trade receivables	1,222	–	–	1,222
Write-back of trade and other payables	(8,188)	–	–	(8,188)
Provision for obsolete inventories	2,402	–	–	2,402
Depreciation and amortisation	1,107	4,451	354	5,912
Capital expenditure*	3,265	17,233	145,540	166,038

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2013

	Distribution of information products HK$'000	Property development HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue				
Sales to external customers	2,977,095	–	51,090	3,028,185
Segment results	35,156	(56,562)	21,547	141
Reconciliation:				
Interest income				6,165
Gain on bargain purchase				128,568
Foreign exchange differences, net				(628)
Impairment of goodwill				(2,892)
Corporate and unallocated expenses				(29,339)
Finance costs				(60,672)
Share of profits and losses of associates				(5,106)
Profit before tax				36,237
Segment assets	1,136,281	3,619,519	533,454	5,289,254
Reconciliation:				
Elimination of intersegment receivables				(557,630)
Investments in associates				29,884
Corporate and other unallocated assets				1,031,503
Total assets				5,793,011
Segment liabilities	1,000,010	1,520,630	541,699	3,062,339
Reconciliation:				
Elimination of intersegment payables				(557,630)
Corporate and other unallocated liabilities				1,756,294
Total liabilities				4,261,003
Other segment information:				
Fair value gains on investment properties	–	–	1,326	1,326
Reversal of impairment of trade receivables	(25,058)	–	–	(25,058)
Write off of trade receivables	3,186	–	–	3,186
Write-back of trade and other payables	(15,517)	–	–	(15,517)
Provision for obsolete inventories	2,222	–	–	2,222
Depreciation and amortisation	2,607	1,475	341	4,423
Capital expenditure*	356	6,415	69	6,840

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets, prepaid land lease payments and investment properties, excluding assets from acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographic information

The Group's revenue from external customers is derived substantially from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

Information about a major customer

During the year, there was no revenue from sales to an external customer accounted for 10% or more of the Group's total revenue (2013: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts; and the gross rental income from investment properties and subleasing fee income, net of business tax, during the year.

An analysis of other income and gains is as follows:

		Group	
		2014	2013
	Note	**HK$'000**	HK$'000
Other income			
Bank interest income		**7,516**	2,876
Other interest income		**–**	3,289
Government grants*		**1,511**	–
		9,027	6,165
Gains			
Fair value gains on investment properties	14	**12,893**	1,326
Foreign exchange differences, net		**207**	–
		13,100	1,326
		22,127	7,491

* Various government grants have been received from the relevant authorities for the Group's business conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT/(LOSS) BEFORE TAX

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

		Group	
		2014	2013
	Notes	**HK$'000**	HK$'000
Auditors' remuneration		**2,550**	2,300
Cost of inventories sold		**4,440,584**	2,832,793
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**1,308**	1,403
Depreciation	13	**5,494**	4,081
Less: Depreciation capitalised		**(1,884)**	–
		3,610	4,081
Amortisation of land lease payments	15	**331**	332
Amortisation of intangible assets	17	**87**	10
Impairment/(reversal of impairment) of trade receivables*	23	**1,222**	(25,058)
Write off of trade receivables*		**–**	3,186
Write-back of trade and other payables*		**(8,188)**	(15,517)
Impairment of goodwill	16	**–**	2,892
Gain on disposal of items of property, plant and equipment*		**(61)**	(721)
Provision for obsolete inventories**		**2,402**	2,222
Operating lease rentals in respect of land and buildings		**15,350**	11,446
Foreign exchange differences, net		**(207)**	628
Employee benefit expense (including directors' remuneration — note 8):			
Wages and salaries		**95,969**	75,726
Pension scheme contributions***		**4,845**	6,690
Equity-settled share option expense		**21,438**	18,862
		122,252	101,278

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

** This item is included in "Cost of sales" in the consolidated statement of profit or loss.

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Interest on bank loans	**146,031**	22,329
Interest on other loans	**24,970**	–
Interest on loans from subsidiaries of Peking Founder	**10,345**	11,322
Interest on loans from 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("PKU Resources"), a fellow subsidiary of Peking Founder	**218,969**	63,356
Interest on loans from non-controlling shareholders	**17,826**	–
Interest on discounted bills	**25,264**	16,401
Total interest expense	**443,405**	113,408
Less: Interest capitalised	**(355,953)**	(52,736)
	87,452	60,672

* For identification purpose only

8. DIRECTORS' REMUNERATION

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

	2014	2013
	HK$'000	HK$'000
Fees	**378**	375
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	236
Performance related bonuses	**–**	845
Equity-settled share option expense	**10,720**	10,104
Pension scheme contributions	**–**	6
	10,720	11,191
	11,098	11,566

8. DIRECTORS' REMUNERATION *(continued)*

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

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

	2014 HK$'000	2013 HK$'000
Mr Li Fat Chung	126	126
Ms Wong Lam Kit Yee	126	126
Ms Cao Qian	126	123
	378	375

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

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014						
Executive directors:						
Ms Yu Li*	–	–	–	2,144	–	2,144
Mr Fang Hao*	–	–	–	2,144	–	2,144
Mr Zhou Bo Qin*	–	–	–	2,144	–	2,144
Mr Zhang Zhao Dong	–	–	–	2,144	–	2,144
Mr Xie Ke Hai	–	–	–	2,144	–	2,144
Mr Zheng Fu Shuang	–	–	–	–	–	–
	–	–	–	10,720	–	10,720
2013						
Executive directors:						
Ms Yu Li*	–	–	–	1,752	–	1,752
Mr Fang Hao*	–	–	–	1,752	–	1,752
Mr Zhou Bo Qin*	–	–	–	1,752	–	1,752
Mr Zhang Zhao Dong	–	–	–	2,088	–	2,088
Mr Xie Ke Hai	–	–	–	2,088	–	2,088
Mr Chen Geng#	–	236	845	336	6	1,423
Mr Xia Yang Jun#	–	–	–	336	–	336
Mr Zheng Fu Shuang	–	–	–	–	–	–
	–	236	845	10,104	6	11,191

* Ms Yu Li, Mr Fang Hao and Mr Zhou Bo Qin were appointed as executive directors of the Company with effect from 30 May 2013.

\# Mr Chen Geng and Mr Xia Yang Jun resigned as executive directors of the Company with effect from 30 May 2013. The remuneration received by Mr Chen Geng and Mr Xia Yang Jun from the Group after their resignation as directors was not included as directors' remuneration above since the services provided by them to the Group were not in the capacity of directors of the Company.

9. FIVE HIGHEST PAID EMPLOYEES

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

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	1,344	645
Performance related bonuses	2,262	530
Equity-settled share option expense	4,288	1,752
Pension scheme contributions	67	46
	7,961	2,973

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

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

In prior years, share options were granted to a non-director highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

10. INCOME TAX

	Group	
	2014	2013
	HK$'000	HK$'000
Current — Hong Kong	**–**	136
Current — PRC		
Charge for the year	**24,645**	3,652
Underprovision in prior years	**1,188**	944
PRC land appreciation tax	**3,312**	–
	29,145	4,732
Deferred (note 29)	**(5,379)**	2,077
Total tax charge for the year	**23,766**	6,809

During the year ended 31 December 2014, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year or the Group had available tax losses brought forward from prior years to offset the assessable profits generated during the year.

During the year ended 31 December 2013, Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25%.

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

10. INCOME TAX *(continued)*

Group — 2014

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before tax	(57,885)		(72,134)		(130,019)	
Tax at the statutory tax rate	(9,551)	16.5	(18,034)	25.0	(27,585)	21.2
Profits and losses attributable to associates	1,175	(2.0)	–	–	1,175	(0.9)
Income not subject to tax	(718)	1.2	(5,134)	7.1	(5,852)	4.5
Expenses not deductible for tax	7,072	(12.2)	4,201	(5.8)	11,273	(8.7)
Tax losses utilised from the previous period	–	–	(62)	0.1	(62)	0.1
Tax losses not recognised	2,221	(3.8)	25,290	(35.0)	27,511	(21.2)
Temporary differences not recognised	(199)	0.3	13,833	(19.2)	13,634	(10.5)
Adjustment in respect of current tax of previous periods	–	–	1,188	(1.6)	1,188	(0.9)
LAT	–	–	3,312	(4.6)	3,312	(2.5)
Tax effect of LAT	–	–	(828)	1.1	(828)	0.6
Tax charge at the Group's effective rate	–	–	23,766	(32.9)	23,766	(18.3)

Group — 2013

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	87,445		(51,208)		36,237	
Tax at the statutory tax rate	14,428	16.5	(12,802)	25.0	1,626	4.5
Profits and losses attributable to associates	843	1.0	–	–	843	2.3
Income not subject to tax	(21,795)	(24.9)	(10,833)	21.2	(32,628)	(90.0)
Expenses not deductible for tax	4,754	5.4	14,780	(28.9)	19,534	53.9
Tax losses not recognised	1,906	2.2	14,584	(28.5)	16,490	45.5
Adjustment in respect of current tax of previous periods	–	–	944	(1.8)	944	2.6
Tax charge at the Group's effective rate	136	0.2	6,673	(13.0)	6,809	18.8

The share of tax credit attributable to associates amounting to approximately HK$694,000 (2013: share of tax expense of HK$1,008,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit/(loss) attributable to owners of the parent for the year ended 31 December 2014 includes a loss of approximately HK$50,222,000 (2013: a loss of HK$29,348,000) which has been dealt with in the financial statements of the Company (note 32(b)).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,401,887,882 (2013: 1,700,774,779) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment had been made to the basic loss per share amounts presented for the year ended 31 December 2014 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2014 HK$'000	2013 HK$'000
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(120,170)	59,767

	Number of shares 2014	 2013
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	2,401,887,882	1,700,774,779
Effect of dilution — weighted average number of ordinary shares:		
Share options	–	27,299,689
Convertible bonds classified as equity	–	538,324,279
	2,401,887,882	2,266,398,747

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture, Fixtures and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
31 December 2014				
At 31 December 2013 and at 1 January 2014:				
Cost	14,265	14,996	–	29,261
Accumulated depreciation	(9,534)	(7,349)	–	(16,883)
Net carrying amount	4,731	7,647	–	12,378
At 1 January 2014, net of accumulated depreciation	4,731	7,647	–	12,378
Additions	4,412	6,960	8,367	19,739
Disposals	(370)	–	–	(370)
Depreciation provided during the year	(2,106)	(2,393)	(995)	(5,494)
Exchange realignment	(119)	(191)	–	(310)
At 31 December 2014, net of accumulated depreciation	6,548	12,023	7,372	25,943
At 31 December 2014:				
Cost	13,715	21,626	8,367	43,708
Accumulated depreciation	(7,167)	(9,603)	(995)	(17,765)
Net carrying amount	6,548	12,023	7,372	25,943

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group *(continued)*

	Furniture, Fixtures and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
31 December 2013				
At 1 January 2013:				
Cost	19,798	7,936	–	27,734
Accumulated depreciation	(14,249)	(5,636)	–	(19,885)
Net carrying amount	5,549	2,300	–	7,849
At 1 January 2013, net of accumulated depreciation	5,549	2,300	–	7,849
Additions	1,784	4,990	–	6,774
Acquisition of subsidiaries (note 33)	2,110	2,027	–	4,137
Disposals	(2,094)	(534)	–	(2,628)
Depreciation provided during the year	(2,827)	(1,254)	–	(4,081)
Exchange realignment	209	118	–	327
At 31 December 2013, net of accumulated depreciation	4,731	7,647	–	12,378
At 31 December 2013:				
Cost	14,265	14,996	–	29,261
Accumulated depreciation	(9,534)	(7,349)	–	(16,883)
Net carrying amount	4,731	7,647	–	12,378

14. INVESTMENT PROPERTIES

	Group	
	2014	2013
	HK$'000	HK$'000
Carrying amount at 1 January	**209,180**	–
Additions	**145,536**	–
Acquisition of subsidiaries (note 33)	**–**	202,313
Net gain from a fair value adjustment (note 5)	**12,893**	1,326
Exchange realignment	**(5,353)**	5,541
Carrying amount at 31 December	**362,256**	209,180

The Group's investment properties are held under the following lease terms:

	2014	2013
	HK$'000	HK$'000
Long term leases- situated in Hong Kong	**145,752**	–
Medium term leases- situated in Mainland China	**216,504**	209,180
	362,256	209,180

The Group's investment properties are residential and commercial properties. The Group's investment properties were revalued on 31 December 2014 based on valuations performed by LCH (Asia-Pacific) Surveyors Limited, independent professionally qualified valuers, at HK$362,256,000.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 35(a) to the financial statements.

Further particulars of the Group's investment properties are included on page 155.

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

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

	Fair value measurement as at 31 December 2014 using			
Recurring fair value measurement for:	**Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Commercial properties	–	–	361,483	361,483
Residential property	–	–	773	773
	–	–	362,256	362,256

	Fair value measurement as at 31 December 2013 using			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Commercial property	–	–	208,476	208,476
Residential property	–	–	704	704
	–	–	209,180	209,180

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

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

	Commercial properties HK$'000	**Residential properties** HK$'000
Carrying amount at 1 January 2013	–	–
Acquisition of subsidiaries (note 33)	201,690	623
Net gains from a fair value adjustment recognised in other income and gains in profit or loss	1,263	63
Exchange realignment	5,523	18
Carrying amount at 31 December 2013 and 1 January 2014	208,476	704
Additions	145,536	–
Net gains from a fair value adjustment recognised in other income and gains in profit or loss	12,805	88
Exchange realignment	(5,334)	(19)
Carrying amount at 31 December 2014	361,483	773

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

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

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2014	2013
Residential property	Market approach	Adjustment on market unit price (per sq.m.)	**-13% to -17%**	-10% to -17%
Commercial property	Investment approach	Adjustment on market rental (per sq.m. and per month)	**-12.6% to -32.8%**	1.1% to -11%
		Adopted yield	**5.5%**	4.0% to 5.5%
	and			
	Market approach	Adjustment on market unit price (per sq.m.)	**23.2% to 49.9%**	-5.0% to -6.0%

Under the market approach, fair value is estimated based on the unit prices of comparable properties with certain adjustments made to reflect the differences in location, neighborhood, environment, facilities, etc. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. Physical, location and economical characteristics are important criteria to be analysed when comparing such comparables against the subject property.

The adjustment on market unit prices is determined by making reference to the differences of the subject property against the comparables in terms of building facilities, size, age and the listing nature of the comparables.

A significant increase (decrease) in the unit prices of comparable in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to the unit price would result in a significant decrease (increase) in the fair value of the investment properties.

Under the investment approach, fair value is estimated by capitalising the current rental income and the reversionary value of the properties after tenancies expire by reference to market sales transactions by making relevant adjustments.

14. INVESTMENT PROPERTIES *(continued)*

The adjustment on market rental is determined by making reference to the differences of the subject property against the comparables in terms of location, size, age and the listing nature of the comparables. The yields adopted are determined by reference to the current yields of the subject properties and the market yields derived from the sales and rental comparables.

A significant increase (decrease) in the market rental in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to the market rental would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to the yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
Carrying amount at 1 January	**11,717**	–
Acquisition of subsidiaries (note 33)	**–**	11,205
Recognised during the year	**(331)**	(332)
Exchange realignment	**(506)**	844
Carrying amount at 31 December	**10,880**	11,717
Current portion included in prepayments, deposits and other receivables	**(331)**	(332)
Non-current portion	**10,549**	11,385

The Group's leasehold land is situated in Mainland China and is held under medium term leases.

16. GOODWILL

	Group HK$'000
Cost at 1 January 2013, net of accumulated impairment	2,892
Impairment during the year (note 6)	(2,892)
At 31 December 2013	–
At 31 December 2013 and 2014:	
Cost	2,892
Accumulated impairment	(2,892)
Net carrying amount	–

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the distribution of information products cash-generating unit for impairment testing. The recoverable amount of the distribution of information products cash-generating unit has been determined based on a value in use calculation using a cash flow projection based on financial budgets covering a five-year period approved by the directors.

Assumptions were used in the value in use calculation of the distribution of information products cash-generating unit for 31 December 2013. The cash flow projection was based on the expected gross margins during the budget period. Budgeted gross margin was determined based on past performance and management's expectation on market development. The discount rate used is before tax and reflects specific risks relating to the cash-generating unit.

During the year ended 31 December 2013, due to continuous losses incurred by the distribution of information products cash-generating unit, by discounting the future cash flows generated from the distribution of information products cash-generating unit for impairment testing, the directors of the Company considered the goodwill of approximately HK$2,892,000 was fully impaired.

17. OTHER INTANGIBLE ASSETS

Group

	Computer software HK$'000
31 December 2014	
Cost at 1 January 2014, net of accumulated amortisation	56
Addition	763
Amortisation provided during the year	(87)
At 31 December 2014	732
At 31 December 2014:	
Cost	829
Accumulated amortisation	(97)
Net carrying amount	732
31 December 2013	
Cost at 1 January 2013, net of accumulated amortisation	–
Addition	66
Amortisation provided during the year	(10)
At 31 December 2013	56
At 31 December 2013:	
Cost	66
Accumulated amortisation	(10)
Net carrying amount	56

18. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$'000	Company 2013 HK$'000
Unlisted shares, at cost	**887,437**	887,437
Due from subsidiaries	**706,341**	312,687
	1,593,778	1,200,124
Impairment (Note)	**(372,194)**	(372,194)
	1,221,584	827,930

Note: An impairment was recognised for an unlisted investment with a carrying amount of HK$372,194,000 (2013: HK$372,194,000) because the relevant subsidiary had suffered losses for years. There was no change in the impairment account during the current year.

The amounts due from subsidiaries included in the investments in subsidiaries above are unsecured, interest-free and the Company does not expect these loans to be repaid within the next 12 months. In the opinion of the Company's directors, these loans are considered as quasi-equity loans to the subsidiaries.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Founder Data Corporation International Limited ("FDC")*	British Virgin Islands/ Hong Kong	Ordinary US$20,000	100	–	Investment holding
Beijing Founder Century Information System Co., Ltd. ("PRC Century")*#	Mainland China	Registered RMB390,000,000	–	100	Distribution of information products
Founder Century (Hong Kong) Limited ("Century (Hong Kong)")	Hong Kong	Ordinary HK$2	–	100	Distribution of information products
Hubei Tianranju Business Management Limited*#	Mainland China	Registered RMB30,000,000	–	100	Property investment

18. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Tianranju Technology Co., Ltd.*^	Mainland China	Registered RMB1,000,000	–	100	Property investment
Tianjin Peking University Resources Real Estate Limited*^	Mainland China	Registered RMB50,000,000	–	70	Property development
Tianjin Peking University Science Park Construction & Development Company Limited*^	Mainland China	Registered RMB50,000,000	–	42.7**	Property development
Qingdao Boya Real Estate Co., Ltd. ("Qingdao Boya")*^	Mainland China	Registered RMB30,000,000	–	70	Property development
Tianjin Boya Properties Limited*^	Mainland China	Registered RMB50,000,000	–	60	Property development
Zhuhai Yingfeng Property Co., Limited*^	Mainland China	Registered RMB50,000,000	–	70	Property development
Chengdu Hangmei Property Co., Limited*^	Mainland China	Registered RMB30,000,000	–	70	Property development
Kunming Lebang Property Co., Limited*^	Mainland China	Registered RMB50,000,000	–	70	Property development
Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Ltd. ("Kunshan Hi-Tech")*^	Mainland China	Registered RMB200,000,000	–	51	Property development
Tianhe Property Development Limited*@	Mainland China	Registered RMB300,000,000	–	90	Property development

18. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ezhou Jinfeng Property Development Co., Limited*^	Mainland China	Registered RMB10,000,000	–	90	Property development
Changsha Henglong Property Development Co., Limited*^	Mainland China	Registered RMB10,000,000	–	63	Property development
Yongqin Limited*	British Virgin Islands/ Hong Kong	Ordinary HK$2	100	–	Property investment

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

Registered as a wholly-foreign-owned enterprise under PRC law

^ Registered as limited liability companies under PRC law

@ Registered as a Sino-foreign joint venture under PRC law

** A subsidiary of a non-wholly-owned subsidiary of the Company which is accounted for as a subsidiary by virtue of the Company's control over it

Except for FDC, PRC Century, Century (Hong Kong) and Yongqin Limited, the English names of the above companies represent the best efforts by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

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

18. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Kunshan Hi-Tech	**49%**	49%

	2014 **HK$'000**	2013 HK$'000
Loss for the year allocated to non-controlling interests:		
Kunshan Hi-Tech	**(9,043)**	(20,669)
Accumulated balances of non-controlling interests at the reporting dates:		
Kunshan Hi-Tech	**285,012**	304,058

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2014 **HK$'000**	2013 HK$'000
Revenue	**201,526**	–
Profit/(loss) for the year	**12,361**	(42,182)
Total comprehensive income for the year	**8,412**	(42,182)
Current assets	**1,753,810**	1,933,180
Non-current assets	**2,207**	2,730
Current liabilities	**(1,369,960)**	(1,153,809)
Non-current liabilities	**(224,460)**	(158,369)
Net cash flows used in operating activities	**(291,164)**	(60,803)
Net cash flows used in investing activities	**(19,117)**	(129)
Net cash flows from financing activities	**194,532**	9,562
Net decrease in cash and cash equivalents	**(115,749)**	(51,370)

19. INVESTMENTS IN ASSOCIATES

	Group	
	2014	2013
	HK$'000	HK$'000
Share of net assets	**22,763**	29,884

Particulars of the principal associates as at 31 December 2014 are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
MC.Founder Limited*	Ordinary shares	Hong Kong	36.69	Investment holding and distribution of mobile phones and data products
MC.Founder (Distribution) Limited*	Ordinary shares	Hong Kong	36.69	Distribution of mobile phones and accessories, and provision of repair services
MC.Founder (Technology) Limited*	Ordinary shares	Hong Kong	36.69	Sale of data products

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

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

The Group's shareholdings in the associates are held through a wholly-owned subsidiary of the Company.

All of the Group's associates are not individually material to the Group.

20. PROPERTIES UNDER DEVELOPMENT

		Group	
		2014	2013
	Note	**HK$'000**	HK$'000
Carrying amount at 1 January		**3,202,723**	–
Acquisition of subsidiaries	33	**–**	1,501,909
Additions		**8,069,834**	1,890,215
Transfer to properties held for sale		**(190,372)**	(253,170)
Exchange realignment		**(81,245)**	63,769
Carrying amount at 31 December		**11,000,940**	3,202,723

All of the Group's properties under development are situated in Mainland China and are held under the following lease terms:

	2014	2013
	HK$'000	HK$'000
Long term leases	**9,951,639**	3,128,904
Medium term leases	**1,049,301**	73,819
	11,000,940	3,202,723

(a) At 31 December 2014, land use right certificate of certain land included in the properties under development of the Group with an aggregate carrying amount of approximately HK$5,543,766,000 (2013: HK$604,755,000) had not been issued by the relevant government authorities.

(b) As at 31 December 2014, certain of the Group's properties under development of approximately HK$454,415,000 (2013: Nil) were pledged to banks to secure the bank loans (note 27).

21. PROPERTIES HELD FOR SALE

All of the Group's properties held for sale are stated at cost, situated in Mainland China and are held under the long term leases.

22. INVENTORIES

	Group	
	2014	2013
	HK$'000	HK$'000
Trading stocks	**338,748**	224,780

23. TRADE AND BILLS RECEIVABLES

	Group	
	2014	2013
	HK$'000	HK$'000
Trade and bills receivables	1,090,822	707,588
Impairment	(11,662)	(12,115)
	1,079,160	695,473

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are settled in accordance with the terms of the respective contracts. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 6 months	1,057,531	666,438
7 to 12 months	10,505	12,627
13 to 24 months	11,124	16,408
	1,079,160	695,473

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	12,115	37,432
Impairment losses recognised/(reversed) (note 6)	1,222	(25,058)
Amount written off as uncollectible	(1,373)	(932)
Exchange realignment	(302)	673
At 31 December	11,662	12,115

23. TRADE AND BILLS RECEIVABLES *(continued)*

Included in the above provision for impairment for trade receivables is a provision for individually impaired trade receivables of HK$6,460,000 (2013: HK$6,838,000) with a carrying amount before provision of HK$6,460,000 (2013: HK$6,838,000). The individually impaired trade receivables relate to customers that were in financial difficulties.

The aging analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**941,162**	607,229
Past due but not impaired:		
Less than 1 month past due	**34,133**	24,199
1 to 3 months past due	**28,947**	32,324
Over 3 months past due	**3,542**	4,258
	1,007,784	668,010

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of individual customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 31 December 2014, certain of the Group's bills receivable of approximately HK$32,784,000 (2013: HK$34,337,000) were pledged to banks to secure the bank loans (note 27).

As at 31 December 2014, included in the Group's trade and bills receivables are amounts due from subsidiaries of Peking Founder of approximately HK$254,526,000 (2013: HK$27,860,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

24. RESTRICTED CASH

The Group's bank deposits were pledged to banks to secure the banking facilities granted to the Group, as deposits for the construction of the relevant properties and as guarantee deposits for certain mortgage loans granted by banks to purchasers of the Group's properties. The restricted cash is deposited with creditworthy banks with no recent history of default. The carrying amount of the restricted cash approximates to its fair value.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**406,315**	758,601	**24,745**	264,961
Time deposits with original maturity of less than three months when acquired	**49,292**	46,000	**–**	46,000
Time deposits with original maturity of over three months when acquired	**2,853,309**	12,790	**–**	–
Cash and cash equivalents	**3,308,916**	817,391	**24,745**	310,961

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK$3,276,094,000 (2013: HK$499,908,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

As at 31 December 2014, included in the Group's cash and cash equivalents were cash and bank balances of HK$123,282,000 (2013: Nil), placed with Founder Finance, a financial institution approved by the People's Bank of China ("PBOC"). Founder Finance is a subsidiary of Peking Founder. The interest rates for these deposits were the prevailing saving rates offered by the PBOC.

26. TRADE AND BILLS PAYABLES

	Group	
	2014	2013
	HK$'000	HK$'000
Trade payables	**3,788,230**	394,455
Bills payable	**558,212**	573,726
	4,346,442	968,181

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 6 months	**4,126,867**	878,514
Over 6 months	**219,575**	89,667
	4,346,442	968,181

As at 31 December 2013, included in the Group's trade and bills payables are amounts due to subsidiaries of Founder Holdings Limited ("FHL"), in which a 30.60% equity interest was then held by Peking Founder, of approximately HK$6,938,000, which are repayable on similar credit terms to those offered by the related companies to their major customers.

The trade payables are non-interest-bearing and are normally settled on terms of 45 to 90 days.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	2014			2013		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans — unsecured	5.88–6.6	2015	860,587	6–6.72	2014	463,864
Bank loans — secured	5.43–8.8	2015	331,428	5.99–6.3	2014	33,254
Trust receipt loans — unsecured	2.01–2.74	2015	49,068	2.03–3.09	2014	12,112
Other loans — unsecured*	5.5–12	2015	1,256,340	12.5	2014	370,910
			2,497,423			880,140
Non-current						
Bank loans — secured	8	2016	34,360	–	–	–
Other loans — unsecured*	10.4-12	2016	2,171,064	11.5	2015	578,198
Other loans — unsecured^	12	2016	299,280	–	–	–
Other loans — unsecured#	10.1-10.2	2016	3,647,475	–	–	–
			6,152,179			578,198
			8,649,602			1,458,338

* The balance represents amount due to PKU Resources and subsidiaries of Peking Founder.

^ The balance represents amount due to non-controlling shareholders.

\# The balance represents amount due to third parties.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	Group	
	2014	2013
	HK$'000	HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	**1,241,083**	509,230
In the second year	**34,360**	–
	1,275,443	509,230
Other loans repayable:		
Within one year	**1,256,340**	370,910
In the second year	**6,117,819**	578,198
	7,374,159	949,108
	8,649,602	1,458,338

Notes:

(a) As at 31 December 2014, certain of the Group's unsecured bank loans were guaranteed by Peking Founder.

(b) As at 31 December 2014, certain of the Group's bank loans were secured by pledge of certain of the Group's bills receivable of approximately HK$32,784,000 (2013: HK$34,337,000) (note 23) and certain of the Group's properties under development of approximately HK$454,415,000 (2013: Nil) (note 20).

(c) As at 31 December 2014, except for the trust receipt loans of HK$49,068,000 (2013: HK$12,112,000) which were denominated in USD, all borrowings were denominated in RMB.

28. LONG TERM PAYABLE

As at 31 December 2014, included in the Group's and the Company's long term payable was a loan from Founder Information, the immediate holding company of the Company. The loan was unsecured, interest-free and repayable in 2016.

29. DEFERRED TAX

The movement in deferred tax liabilities during the year is as follows:

Deferred tax liabilities

Group

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Total HK$'000
Deferred tax liabilities at 1 January 2013	–	–	–	–
Acquisition of subsidiaries (note 33)	4,960	10,360	199,298	214,618
Deferred tax charged to the statement of profit or loss during the year (note 10)	331	1,746	–	2,077
Exchange realignment	140	305	5,443	5,888
Deferred tax liabilities at 31 December 2013 and 1 January 2014	5,431	12,411	204,741	222,583
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	3,169	1,724	(10,272)	(5,379)
Exchange realignment	(136)	(339)	(5,123)	(5,598)
Deferred tax liabilities at 31 December 2014	8,464	13,796	189,346	211,606

The Group has tax losses arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of HK$215,764,000 (2013: HK$116,901,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

29. DEFERRED TAX *(continued)*

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

At 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$124,035,000 at 31 December 2014 (2013: HK$42,240,000).

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

30. SHARE CAPITAL

Shares

	Group and Company	
	2014	2013
	HK$'000	HK$'000
Authorised:		
15,000,000,000 (2013: 3,000,000,000) ordinary shares of HK$0.10 each	**1,500,000**	300,000
Issued and fully paid:		
2,440,026,518 (2013: 2,397,970,318) ordinary shares of HK$0.10 each	**244,003**	239,797

Pursuant to an ordinary resolution passed on 18 December 2014, the authorised share capital of the Company was increased from HK$300,000,000 to HK$1,500,000,000 by the creation of 12,000,000,000 additional shares of HK$0.10 each, ranking pari passu in all respects with the existing shares of the Company.

30. SHARE CAPITAL *(continued)*

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2013	1,106,062,040	110,606	156,019	266,625
Issue of new shares (a)	527,906,976	52,791	179,488	232,279
Conversion of convertible bonds (b)	437,209,302	43,721	91,259	134,980
Placing of new shares (c)	326,792,000	32,679	227,575	260,254
At 31 December 2013 and 1 January 2014	2,397,970,318	239,797	654,341	894,138
Share options exercised (d)	42,056,200	4,206	12,163	16,369
At 31 December 2014	2,440,026,518	244,003	666,504	910,507

Notes:

(a) In January 2013, consideration shares of the Company as to approximately HK$232,279,000 were issued to Founder Information, the immediate holding company of the Company, for the acquisition of subsidiaries as set out in note 33 to the financial statements. The market price of the share of the Company at the date of issue was HK$0.44 per share. Accordingly, 527,906,976 ordinary shares of the Company were issued to Founder Information.

(b) In November 2013, Founder Information converted the convertible bonds issued by the Company (note 33) with an aggregate of principal amount HK$188,000,000 at the conversion price of HK$0.43 per conversion share into 437,209,302 ordinary shares of the Company.

(c) In December 2013, the Company completed the placing of 326,792,000 ordinary shares at a placing price of HK$0.8 per share, resulting in the issue of 326,792,000 ordinary shares for the gross proceeds and net proceeds of approximately HK$261,434,000 and HK$260,254,000, respectively.

(d) During the year ended 31 December 2014, the subscription rights attaching to 42,056,200 share options were exercised at the subscription price of HK$0.281 per share (note 31), resulting in the issue of 42,056,200 shares for a total cash consideration, before expenses, of HK$11,817,792. An amount of HK$4,551,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

31. SHARE OPTION SCHEMES

On 29 May 2013, the Company adopted a share option scheme (the "2013 Scheme") in compliance with Chapter 17 of the Listing Rules. The purpose of the 2013 Scheme is to enable the board of directors of the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the group. Eligible participants of the 2013 Scheme include (i) any director (whether executive or non-executive, including any independent non-executive director), senior management, employee (whether full time or part time) of any member of the Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company or (ii) any one or entity who, in the sole opinion of the directors of the Company, have contributed or will contribute to the Group or any substantial shareholder of the Company. The 2013 Scheme became effective on 29 May 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the 2013 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date when the scheme was approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2013 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options is deemed to have been accepted when the duplicate offer letter comprising the acceptance of the option is signed and upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than ten years from the date of offer of the share options.

31. SHARE OPTION SCHEMES *(continued)*

The exercise price of the share options is determinable by the directors, but should be the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares of the Company.

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

The share option scheme adopted by the Company on 24 May 2002 (the "2002 Scheme") expired on 24 May 2012, however, the outstanding share options granted under the 2002 Scheme remained in full force and effect prior to expiry on 4 December 2014.

The following share options were outstanding under the 2002 Scheme and the 2013 Scheme during the year:

	2014		2013	
	Weighted average exercise price HK$ per share	**Number of share options '000**	Weighted average exercise price HK$ per share	Number of share options '000
At 1 January	**0.781**	**205,453**	0.281	42,056
Granted during the year	**–**	**–**	0.910	163,397
Exercised during the year	**0.281**	**(42,056)**	–	–
At 31 December	**0.910**	**163,397**	0.781	205,453

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.84 per share (2013: No share options were exercised).

On 5 December 2011, a total of 42,056,200 share options were granted to certain directors of the Company in respect of their services to the Group (the "2011 Options") under the 2002 Scheme. The 2011 Options have an exercise price of HK$0.281 per share. The closing price of the Company's shares at the date of grant was HK$0.280 per share. All these 2011 Options were exercised during the year ended 31 December 2014.

On 10 June 2013, a total of 163,396,900 share options were granted to certain directors and employees of the Group in respect of their services to the Group (the "2013 Options") under the 2013 Scheme. The 2013 Options have an exercise price of HK$0.91 per share. The closing price of the Company's shares at the date of grant was HK$0.91 per share. None of the 2013 Options was exercised or forfeited during the years ended 31 December 2014 and 2013.

31. SHARE OPTION SCHEMES *(continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2014

Number of options '000	Exercise price HK$ per share (Note 1)	Exercise period (Note 3)
163,397	**0.910**	**10.06.2014 to 09.06.2016**

2013

Number of options '000	Exercise price HK$ per share (Note 1)	Exercise period (Notes 2 and 3)
42,056	0.281	05.12.2012 to 04.12.2014
163,397	0.910	10.06.2014 to 09.06.2016
205,453		

Notes:

1. The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

2. The 2011 Options granted on 5 December 2011 are exercisable in the following two tranches:

   (i) First 40% of the 2011 Options are exercisable from 5 December 2012 to 4 December 2014; and

   (ii) The remaining 60% of the 2011 Options are exercisable from 5 December 2013 to 4 December 2014.

3. The 2013 Options granted on 10 June 2013 are exercisable in the following two tranches:

   (i) First 40% of the 2013 Options are exercisable from 10 June 2014 to 9 June 2016; and

   (ii) The remaining 60% of the 2013 Options are exercisable from 10 June 2015 to 9 June 2016.

4. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

31. SHARE OPTION SCHEMES *(continued)*

The fair value of the 2011 Options at the date of grant was HK$4,542,000 (HK$0.108 each), of which the Group recognised a share option expense of HK$1,342,000 during the year ended 31 December 2013.

The fair value of the 2013 Options at the date of grant was HK$44,962,000 (HK$0.275 each), of which the Group recognised a share option expense of HK$21,438,000 (2013: HK$17,520,000) during the year ended 31 December 2014.

The fair value of equity-settled share options granted during the year ended 31 December 2013 was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0
Expected volatility (%)	50
Historical volatility (%)	50
Risk-free interest rate (%)	0.35
Exercise multiple	3

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had an aggregate of 163,396,900 share options outstanding under the 2013 Scheme. The exercise in full of the remaining share options under the 2013 Scheme would, under the present capital structure of the Company, result in the issue of 163,396,900 additional ordinary shares of the Company and additional share capital of HK$16,339,690 and share premium of HK$132,351,489 (before issue expenses).

At the date of approval of these financial statements, the Company had an aggregate of 163,396,900 share options outstanding under the 2013 Scheme, which represented approximately 2.7% of the Company's shares in issue as at that date.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 67 to 68 of the financial statements.

The Group's contributed surplus represents the excess of nominal value of the shares of the subsidiaries acquired over the nominal value of the Company's share issued in exchange therefor.

In accordance with the relevant PRC regulations, each of the Group's PRC subsidiaries and associates is required to transfer not less than 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations, to the general reserve until such reserve reaches 50% of its registered capital. The respective amounts of the annual transfer are subject to the approval of the board of directors of the PRC subsidiaries and associates in accordance with their articles of association.

(b) Company

	Notes	Share premium account HK$'000	Employee share-based compensation reserve HK$'000	Contributed surplus HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013		156,019	3,208	528,980	–	(478,838)	209,369
Loss for the year		–	–	–	–	(29,348)	(29,348)
Issue of new shares	30	179,488	–	–	205,088	–	384,576
Issue of convertible bonds classified as equity	33	–	–	–	62,000	–	62,000
Conversion of convertible bonds	30	91,259	–	–	(134,980)	–	(43,721)
Placing of new shares	30	227,575	–	–	–	–	227,575
Equity-settled share option arrangements	31	–	18,862	–	–	–	18,862
At 31 December 2013 and at 1 January 2014		654,341	22,070	528,980	132,108	(508,186)	829,313
Loss for the year		–	–	–	–	(50,222)	(50,222)
Issue of new shares	30	12,163	(4,551)	–	–	–	7,612
Equity-settled share option arrangements	31	–	21,438	–	–	–	21,438
At 31 December 2014		666,504	38,957	528,980	132,108	(558,408)	808,141

32. RESERVES *(continued)*

(b) Company *(continued)*

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus in certain circumstances.

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

33. BUSINESS COMBINATION

During the year ended 31 December 2013, the Group acquired 100% equity interests in Hong Kong Tianranju Holdings Limited ("Tianranju") and Hong Kong Tianhe Holdings Limited ("Tianhe") from Founder Information, which would be satisfied by the issue of the consideration shares of the Company as to approximately HK$232,279,000 and the consideration convertible bonds of the Company. The convertible bonds were interest-free and could be converted by the bondholders at a conversion price of HK$0.43 per ordinary share of the Company during the conversion period from 2 March 2013 to 1 March 2018. Upon conversion in full of the convertible bonds, an aggregate of 720,930,232 ordinary shares of the Company will be issued by the Company. The number of shares into which the convertible bonds could be converted was fixed at the issuance date and the convertible bonds were interest-free and not redeemable in cash. The convertible bonds were classified entirely as equity of the Company and their fair value of HK$205,088,000 at the issuance date was recognised in the other reserve in the equity.

Tianranju and its subsidiaries ("Tianranju Group") and Tianhe and its subsidiaries ("Tianhe Group") are principally engaged in property development and property investment.

33. BUSINESS COMBINATION *(continued)*

The fair values of the identifiable assets and liabilities of Tianranju Group and Tianhe Group as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	13	4,137
Properties under development	20	1,501,909
Investment properties	14	202,313
Prepaid land lease payments	15	11,205
Trade receivables		50
Restricted cash		5,511
Cash and cash equivalents		303,738
Prepayments, deposits and other receivables		36,436
Trade payables		(70,395)
Other payables and accruals		(547,854)
Interest-bearing bank and other borrowings		(311,250)
Deferred tax liabilities	29	(214,618)
Total identifiable net assets at fair value		921,182
Non-controlling interests		(355,247)
Gain on bargain purchase		(128,568)
		437,367
Satisfied by:		
Issue of shares of the Company		232,279
Issue of convertible bonds of the Company		205,088
		437,367

The transaction costs were borne by Founder Information.

33. BUSINESS COMBINATION *(continued)*

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	
Cash and cash equivalents acquired	303,738
Net inflow of cash and cash equivalents included in cash flows from investing activities	303,738

Since the acquisition date on 2 January 2013 to 31 December 2013, Tianranju Group recorded revenue and net loss of approximately HK$51,090,000 and HK$44,698,000, respectively, and Tianhe Group did not generate any revenue and recorded a net loss of approximately HK$15,357,000.

In addition to the issues of the consideration shares and the consideration convertible bonds of the Company for the acquisition of subsidiaries mentioned above, during the year ended 31 December 2013, the Company issued subscription convertible bonds to Founder Information at a cash consideration of HK$62,000,000. 144,186,046 shares into which the subscription convertible bonds could be converted was fixed at the issuance date and the subscription convertible bonds were interest-free and not redeemable in cash. At the issuance date, the subscription convertible bonds of HK$62,000,000 were classified in the other reserve in the equity of the Company.

34. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2014 **HK$'000**	2013 HK$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	**115,000**	93,000
Guarantees given to suppliers in connection with credit facilities granted to a subsidiary	**24,940**	–
	139,940	93,000

As at 31 December 2014, the banking facilities granted to subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately HK$49,068,000 (2013: HK$12,112,000).

34. CONTINGENT LIABILITIES *(continued)*

(b) As at 31 December 2014, the Group had contingent liabilities relating to guarantees in respect of mortgages granted by certain banks to certain purchasers of the Group's properties amounting to approximately HK$492,390,000 (2013: HK$294,943,000). This represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates which are generally available within one to two years after the purchasers take possession of the relevant properties.

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

35. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties or the property leased from an independent company under operating lease arrangements, with leases negotiated for terms ranging from one to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**44,626**	38,007
In the second to fifth years, inclusive	**13,882**	17,966
	58,508	55,973

35. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to four years.

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**36,248**	36,639
In the second to fifth years, inclusive	**67,119**	568
	103,367	37,207

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted, but not provided for:		
Properties under development	**986,513**	565,193

At the end of the reporting period, the Company did not have any significant commitments (2013: Nil).

37. RELATED PARTY TRANSACTIONS

(I) Transactions and commitments with related parties

In addition to the related party transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) On 1 November 2011, the Company entered into a master agreement with Peking Founder to govern the sale of information products to Peking Founder and its subsidiaries (collectively "Peking Founder Group") for the three years ended 31 December 2014.

During the year, information products of approximately HK$362,736,000 (2013: HK$172,969,000) were sold to Peking Founder Group. The directors consider that the sales of products were made according to published prices and conditions similar to those offered to other customers of the Group.

(b) On 29 August 2011, the Company entered into a master agreement with FHL to govern the sale of information products to FHL and its subsidiaries (collectively "Founder Group") for a term of three years from 1 January 2011 to 31 December 2013.

On 9 December 2013, the Company renewed the master agreement with FHL, pursuant to which the Group would sell information products to Founder Group for the three years ending 31 December 2016.

During the year, information products of approximately HK$98,000 (2013: HK$1,503,000) were sold to Founder Group. The directors consider that the sales of these products were made according to published prices and conditions similar to those offered to other customers of the Group.

(c) On 29 August 2011, the Company entered into a HP Master Agreement with FHL to govern the purchase of HP products from Founder Group for a term of three years from 1 January 2011 to 31 December 2013. The Company did not renew the agreement during the year ended 31 December 2014.

During the year, HP products of approximately HK$821,000 (2013: HK$108,677,000) were purchased from Founder Group and no commission fee (2013: HK$326,000) was paid to Founder Group.

(d) On 7 December 2012, the Company entered into a master agreement with Peking Founder for the purchase of information products from Peking Founder Group for a term of three years from 1 January 2013 to 31 December 2015.

During the year, information products of approximately HK$8,529,000 (2013: HK$10,683,000) were purchased from Peking Founder Group by the Group. The directors consider that the purchases of information products from Peking Founder Group were made in accordance with the terms of the master agreement.

37. RELATED PARTY TRANSACTIONS *(continued)*

(I) Transactions and commitments with related parties *(continued)*

(e) On 7 December 2012, the Company entered into a master agreement with FHL to govern the purchase of software products developed by Founder Group, the systems integration products and the related services for the three years ended 31 December 2014.

During the year, the Group did not purchase any software product or systems integration product from Founder Group (2013: Nil).

(f) On 1 November 2011, the Company entered into an entrusted loan master agreement with Peking Founder (the "Entrusted Loan Master Agreement") pursuant to which the Group would provide short term loans through a financial institution to Peking Founder Group for the three years ended 31 December 2014.

On 4 July 2012, the Group provided a six-month short term loan of approximately HK$49,800,000 to a subsidiary of Peking Founder and the related interest of approximately HK$28,000 was earned by the Group during the year ended 31 December 2013. The loan was unsecured and bore an interest at the prevailing benchmark Renminbi lending rate for loan period of six months offered by the PBOC plus 15% of such rate. The entrusted loan and related interest receivables were fully settled by that subsidiary of Peking Founder during the year ended 31 December 2013.

On 15 April 2013, the Group provided a one-year short term loan of approximately HK$63,200,000 to a subsidiary of Peking Founder and the related interest of approximately HK$3,261,000 was earned by the Group during the year ended 31 December 2013. The loan was unsecured and bore an interest at an interest rate of 7.8% per annum. The entrusted loan and related interest receivables were early settled by that subsidiary of Peking Founder in full on 6 November 2013. The directors consider that the provision of the entrusted loan to Peking Founder Group was made in accordance with the Entrusted Loan Master Agreement.

(g) On 7 May 2013, Kunshan Hi-Tech entered into an entrusted loan master agreement with PKU Resources. Pursuant to which PKU Resources would provide short term loans through a financial institution to Kunshan Hi-Tech for one year.

On 7 May 2013, PKU Resources provided a one-year short term unsecured loan of approximately HK$316,000,000 to Kunshan Hi-Tech and bore an interest at an interest rate of 12.5% per annum and to be paid quarterly. On the same date, PKU Resources provided another one-year short term loan of approximately HK$50,560,000 to Kunshan Hi-Tech. The loan was unsecured and bore an interest at an interest rate of 11.5% per annum and to be paid quarterly. The above two loans and related interests (before interest capitalisation) of approximately HK$16,265,000 (2013: HK$29,713,000) in aggregate were fully paid during the year ended 31 December 2014.

37. RELATED PARTY TRANSACTIONS *(continued)*

(I) Transactions and commitments with related parties *(continued)*

(h) On 15 October 2013, PKU Resources provided a two-year unsecured loan of approximately HK$577,507,000 to Qingdao Boya and bears an interest at an interest rate of 11.5% per annum and to be paid quarterly, of which principal of approximately HK$462,397,000 was early settled on 7 November 2013.

On 26 November 2013, PKU Resources provided a two-year unsecured loan of approximately HK$173,663,000 to Qingdao Boya and bears an interest at an interest rate of 11.5% per annum and to be paid quarterly.

On 25 December 2013, PKU Resources provided a two-year unsecured loan of approximately HK$289,425,000 to Qingdao Boya and bears an interest at an interest rate of 11.5% per annum and to be paid quarterly, of which principal of approximately HK$16,338,000 was early settled on 16 May 2014.

On 23 May 2014, Qingdao Boya entered into supplemental agreements regarding the above loans with PKU Resources to adjust the interest rate to 10.4% per annum and the maturity to 21 May 2016.

The related interest expense of these three loans (before interest capitalisation) of HK$61,764,000 (2013: HK$8,225,000) in aggregate was charged to Qingdao Boya during the year ended 31 December 2014. The outstanding loans of HK$553,732,000 (2013: HK$578,198,000) in aggregate and related interest payable of HK$1,965,000 (2013: HK$943,000) in aggregate payable to PKU Resources remained unpaid and was included in interest-bearing bank and other borrowings, and other payables and accruals, respectively, in the consolidated statement of financial position as at 31 December 2014.

(i) During the year ended 31 December 2014, PKU Resources made advances to certain subsidiaries of the Company, which are unsecured, bears an interest at an interest rate of 12% per annum and have no fixed terms of repayment. The related interest expense of these advances (before interest capitalisation) of HK$217,031,000 (2013: HK$25,418,000) in aggregate was charged to the Group during the year ended 31 December 2014.

As at 31 December 2014, unsettled advances of HK$2,752,179,000 and related interests payable of HK$156,394,000 were included in interest-bearing bank and other borrowings, and other payables and accruals, respectively, in the consolidated statement of financial position as at 31 December 2014 (2013: unsettled advances of HK$225,361,000 were included in other payables and accruals in the consolidated statement of financial position).

37. RELATED PARTY TRANSACTIONS *(continued)*

(I) Transactions and commitments with related parties *(continued)*

(j) On 13 January 2011, the Company, Founder Finance and Peking Founder entered into a financial service agreement, pursuant to which Founder Finance would provide the Group with (i) deposit service; (ii) loan services; and (iii) miscellaneous financial service subject to the terms and conditions provided therein for the three years ended 31 December 2013. Peking Founder has provided the guarantee to the Company in the financial services agreement.

On 23 December 2013, the Company, Founder Finance and Peking Founder entered into a financial service agreement to extend the terms of the provision by Founder Finance of (i) the deposit service; (ii) the loan services; and (iii) the miscellaneous financial services to the Group for the three years ending 31 December 2016. Peking Founder has provided the guarantee to the Company in the financial services agreement.

As at 31 December 2014, the Group placed deposits of approximately HK$123,282,000 (2013: Nil) in Founder Finance and the related interest of approximately HK$463,000 (2013: HK$1,508,000) was earned by Group during the year ended 31 December 2014. The interest rates on these deposits offered by Founder Finance were the prevailing interest rates offered by the PBOC.

On 11 February 2014, 19 February 2014, 21 February 2014, 3 March 2014, 20 June 2014 and 19 August 2014, the Group borrowed loans from Founder Finance of approximately HK$25,177,000, HK$25,177,000, HK$12,589,000, HK$25,177,000, HK$62,150,000 and HK$37,767,000, respectively. The above loans of approximately HK$188,037,000 and related interests of approximately HK$1,240,000 (2013: Nil) were fully paid by the Group to Founder Finance during the year ended 31 December 2014.

(k) On 6 May 2012, Kunshan Hi-Tech entered into a loan agreement with PKU Resources, pursuant to which PKU Resources would provide short term loans through Founder Finance to Kunshan Hi-Tech for one year. On 5 July 2012, Kunshan Hi-Tech and Founder Finance entered into an entrusted loan agreement to give effect to the Loan Agreement. Pursuant to which PKU Resources would provide a one-year short term loan of approximately HK$311,250,000 to Kunshan Hi-Tech. The loan bore an interest at an interest rate of 12.5% per annum and to be paid semi-annually. The interest expense of HK$11,322,000 was charged during the year ended 31 December 2013. The loan was early settled in full on 12 April 2013.

37. RELATED PARTY TRANSACTIONS *(continued)*

(I) Transactions and commitments with related parties *(continued)*

(l) On 28 August 2012, the Company entered into a master lease agreement with Peking Founder, pursuant to which the Company agrees to procure one of its subsidiaries to lease certain commercial premises at Founder International Building to Peking Founder Group for the three years ended 31 December 2014. During the year ended 31 December 2014, a subsidiary of the Company engaged a subsidiary of PKU Resources to collect rental income from independent tenants on its behalf, until those tenants enter into lease agreements with the subsidiary of the Company. No management fee was charged during the year.

On 30 December 2014, the Company entered into supplemental agreements to extend the term of the lease. The commencement date of the individual leases shall be specified in each individual lease agreement and the end date of all the individual leases shall not be later than 31 December 2017. Further details of the transaction were set out in the announcement of the Company dated 30 December 2014.

During the year ended 31 December 2014, rental income of approximately HK$26,931,000 (2013: HK$20,689,000) were received from Peking Founder Group. No related rental receivable from Peking Founder Group remained unpaid as at 31 December 2014 (2013: HK$21,000).

(m) On 16 September 2014, the Company entered into a master landscape construction agreement with PKU Resources (the "Master Landscape Construction Agreement") pursuant to which PKU Resources Group and its associates agree to manage landscape construction in the property projects of the Group. Further details of the transaction were set out in the announcement of the Company dated 16 September 2014.

During the year ended 31 December 2014, construction fees of approximately HK$12,337,000 were paid to PKU Resources Group. The directors consider that the provision of landscape construction services by PKU Resources Group was made in accordance with the Master Landscape Construction Agreement.

(n) On 16 September 2014, the Company entered into a master trademark licensing agreement with PKU Resources (the "Master Trademark Licensing Agreement") pursuant to which the Group is authorised to use the brand name of PKU Resources Group in each of their respective property projects for the three years ending 31 December 2016. Further details of the transaction were set out in the announcement of the Company dated 16 September 2014.

During the year ended 31 December 2014, trademark licensing fees of approximately HK$1,252,000 were paid to PKU Resources Group. The directors consider that the licensing fees were paid to PKU Resources Group in accordance with the Master Trademark Licensing Agreement.

37. RELATED PARTY TRANSACTIONS *(continued)*

(I) Transactions and commitments with related parties *(continued)*

(o) On 16 September 2014, the Company entered into a master property management service agreement with PKU Resources (the "Master Property Management Service Agreement") pursuant to which PKU Resources Group and its associates agree to provide pre-sale property management services to the Group for the three years ending 31 December 2016. Further details of the transaction were set out in the announcement of the Company dated 16 September 2014.

During the year ended 31 December 2014, property management service fees of approximately HK$3,700,000 were paid to PKU Resources Group. The directors consider that the provision of property management services by PKU Resources Group was made in accordance with the Master Property Management Service Agreement.

(p) On 16 September 2014, the Company entered into a master loan agreement with PKU Resources (the "Master Loan Agreement") pursuant to which the Group can borrow loans from PKU Resources Group, its associates and independent financial institutions designated by PKU Resources Group and its associates to fund their property projects. Further details of the transaction were set out in the circular of the Company dated 2 December 2014.

The Group did not borrow any loans from PKU Resources Group under the Master Loan Agreement during the year ended 31 December 2014.

(q) On 2 July 2014, Beijing Tianranju Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, Tianjin Xinronghua Real Estate Agency Company Limited, a minority shareholder of a non wholly-owned subsidiary of the Company, and Tianjin Jindong Real Estate Investment Development Group Company Limited entered into the joint venture agreement to form the joint venture company to undertake development of real estate property in Tianjin, the PRC. Further details of the transaction were set out in the announcement of the Company dated 2 July 2014.

(r) On 20 August 2014, Tianjin Peking University Resources Real Estate Company Limited, an indirect non wholly-owned subsidiary of the Company, Peking University Science Park Construction & Development Company Limited, a non wholly-owned subsidiary of a substantial shareholder of the Company, and Tianjin Li Hu Investment & Development Company Limited entered into the joint venture agreement to form the joint venture company to undertake development of real estate property in Tianjin, the PRC. Further details of the transaction were set out in the announcement of the Company dated 20 August 2014.

(s) On 30 September 2014, Beijing Tianranju Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and Chengdu Henglongxin Real Estate Co., Ltd., a substantial shareholder of a non wholly-owned subsidiary of the Company, entered into an agreement to form a joint venture to develop the land in Chengdu, the PRC. Further details of the transaction were set out in the announcement of the Company dated 15 October 2014.

(t) As at 31 December 2014, guarantees were given by Peking Founder to banks in connection with banking facilities granted to the Group of approximately HK$929,015,000 (2013: HK$1,130,273,000) which were utilised to the extent of approximately HK$718,684,000 (2013: HK$881,771,000).

(u) As at 31 December 2014, guarantees were given by PKU Resources to banks in connection with banking facilities granted to the Group of approximately HK$249,400,000 (31 December 2013: Nil) which were utilised to the extent of approximately HK$229,282,000 (31 December 2013: Nil).

The related party transactions in respect of items (a) to (u) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

37. RELATED PARTY TRANSACTIONS *(continued)*

(II) Outstanding balances with related parties

(a) The balances due to subsidiaries of FHL included in other payables and accruals as at 31 December 2014 were approximately HK$379,000 (2013: HK$192,000). The balances are unsecured, interest-free and have no fixed terms of repayment.

(b) Except for the rental receivables, loans and interests receivables due from Peking Founder Group disclosed in note 37(I)(l), 37(I)(f) and 37(I)(j) to the financial statements, the balances due from Peking Founder Group included in prepayments, deposits and other receivables were approximately HK$138,462,000 (2013: HK$6,086,000). The balances are unsecured, interest-free and have no fixed terms of repayment.

(c) The balances due to Peking Founder Group included in other payables and accruals as at 31 December 2014 were approximately HK$89,744,000 (2013: HK$102,007,000). The balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Except for the entrusted loans and related interest payables and other payables due to PKU Resources disclosed in notes 37(I)(g), 37(I)(h) and 37(I)(i) to the financial statements, the balances due to PKU Resources included in other payables and accruals amounting to approximately HK$753,501,000 (2013: HK$348,653,000) are unsecured, interest-free and have no fixed terms of repayment.

(e) As at 31 December 2014, the balance due from Founder Information included in prepayments, deposits and other receivables was approximately HK$4,251,000 (2013: HK$4,251,000), and the balance due to Founder Information included in other payables and accruals was approximately HK$22,429,000 (2013: HK$5,400,000). These balances are unsecured, interest-free and have no fixed terms of repayment.

(f) The balance due to Founder Information included in long term payable as at 31 December 2014 was approximately HK$182,046,000 (2013: HK$62,071,000). The balance is unsecured, interest-free and not repayable within one year.

(g) Details of the Group's trade receivables and trade payables with its related companies as at the end of the reporting period are included in notes 23 and 26 to the financial statements.

(III) Compensation of key management personnel of the Group

	2014 HK$'000	2013 HK$'000
Short term employee benefits	**378**	1,456
Equity-settled share option expense	**10,718**	10,104
Post-employment benefits	**–**	6
Total compensation paid to key management personnel	**11,096**	11,566

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

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
— Loans and receivables				
Trade and bills receivables	**1,079,160**	695,473	**–**	–
Financial assets included in prepayments, deposits and other receivables	**387,995**	43,589	**740**	483
Restricted cash	**295,291**	194,642	**–**	–
Cash and cash equivalents	**3,308,916**	817,391	**24,745**	310,961
	5,071,362	1,751,095	**25,485**	311,444
Financial liabilities — Financial liabilities at amortised cost				
Trade and bills payables	**4,346,442**	968,181	**–**	–
Financial liabilities included in other payables and accruals	**1,311,768**	372,171	**12,879**	8,193
Interest-bearing bank and other borrowings	**8,649,602**	1,458,338	**–**	–
Long term payable	**182,046**	62,071	**182,046**	62,071
	14,489,858	2,860,761	**194,925**	70,264

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Interest-bearing bank and other borrowings	**8,649,602**	1,458,338	**8,649,602**	1,458,338

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings and long term payable approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

Fair value hierarchy

The Group and the Company did not have any financial assets and liabilities measured at fair value as at 31 December 2014 (2013: Nil).

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

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

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise restricted cash, cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Company is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 34 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade and bills receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 23 to the financial statements.

The Group places its cash deposits with major international banks in Hong Kong, state-owned banks in Mainland China and Founder Finance, a financial institution approved by the PBOC. This investment policy limits the Group's exposure to concentrations of credit risk.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

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

Group

		2014	
	Within 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Trade and bills payables	4,346,442	–	4,346,442
Financial liabilities included in other payables and accruals	1,311,768	–	1,311,768
Interest-bearing bank and other borrowings	2,607,105	7,377,253	9,984,358
Long term payable	–	182,046	182,046
	8,265,315	7,559,299	15,824,614

Group

		2013	
	Within 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Trade and bills payables	968,181	–	968,181
Financial liabilities included in other payables and accruals	327,171	–	327,171
Interest-bearing bank and other borrowings	908,968	704,026	1,612,994
Long term payable	–	62,071	62,071
	2,204,320	766,097	2,970,417

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

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

Company

	2014		
	Within 1 year HK$'000	**Over 1 year HK$'000**	**Total HK$'000**
Financial liabilities included in other payables and accruals	**12,879**	**–**	**12,879**
Long term payable	**–**	**182,046**	**182,046**
Guarantees given to banks in connection with credit facilities granted to a subsidiary	**115,000**	**–**	**115,000**
Guarantees given to suppliers in connection with credit facilities granted to a subsidiary	**24,940**	**–**	**24,940**
	152,819	**182,046**	**334,865**

	2013		
	Within 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Financial liabilities included in other payables and accruals	8,193	–	8,193
Long term payable	–	62,071	62,071
Guarantees given to banks in connection with credit facilities granted to a subsidiary	93,000	–	93,000
	101,193	62,071	163,264

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a debt to equity ratio, which is total interest-bearing bank and other borrowings divided by total equity attributable to owners of the parent. The debt to equity ratios as at the end of the reporting periods were as follows:

	2014 **HK$'000**	2013 HK$'000
Interest-bearing bank and other borrowings	**8,649,602**	1,458,338
Total equity (attributable to owners of the parent)	**1,061,017**	1,175,763
Debt to equity ratio	**8.15**	1.24

41. EVENTS AFTER THE REPORTING PERIOD

(a) On 16 September 2014, the Company, Beijing Tianranju Technology Co., Ltd., Fine Noble Global Limited, Peking University Resources Group Property Co., Limited, Peking Founder, Founder Information, Starry Realm Limited, Peking University Resources Group Holdings Co., Ltd. and PKU Resources entered into a sales and purchase agreement, pursuant to which the Company and Beijing Tianranju Technology Co., Ltd. have agreed to acquire entire issued shares in Extol High Enterprises Limited, Keen Delight Global Limited, Chongqing Peking University Resources Property Co., Limited, Chengdu Peking University Resources Property Co., Limited, Guiyang Peking University Resources Property Co., Limited and Qingdao Peking University Resources Property Co., Limited at a total consideration of HK$1,934 million, including HK$1,361 million for the offshore acquisition and HK$573 million for the onshore acquisition, which would be satisfied by a combination of the issuance of consideration shares to Founder Information, and/or all or part of the cash proceeds from the issuance of placement shares and/or all or part of the cash proceeds from the issuance of additional shares and/or the Company's internal cash, external financing and/or financing from the controlling shareholder. The sales shares represented 100% issued shares of entities which are engaged in property development business. Further details of the transactions were set out in the announcements of the Company dated 16 September 2014, 30 November 2014 and 22 December 2014 and the circular of the Company dated 2 December 2014. The above transactions have been completed on 2 January 2015.

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

(b) On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a framework agreement, pursuant to which (i) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Bolai Property Co., Limited, a non wholly-owned subsidiary acquired by the Company subsequent to the end of the reporting period; and (ii) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell 100% equity interest in Hong Kong Tianranju Holdings Limited, a direct wholly-owned subsidiary of the Company. The total consideration is approximately RMB2,398 million including: (a) approximately RMB650 million, being payment for the share transfer of Qingdao Bolai Property Co., Limited; (b) repayment of (i) RMB500 million, being all the principal of the entrusted loan provided by Peking University Resources Group Property Co., Limited to Qingdao Bolai Property Co., Limited in August 2014; (ii) approximately RMB544 million, being the principal of the entrusted loan owed to Huaneng Guicheng Trust Co., Ltd., an independent third party, since May 2014; and (iii) the interest of the entrusted loan under (i) and (ii) is excluded from the total consideration; and (c) approximately RMB704 million for the share transfer of Hong Kong Tianranju Holdings Limited. On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a sale and purchase agreement, pursuant to which CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Bolai Property Co., Limited. The total consideration is approximately RMB650 million. Further details of the transactions were set out in the announcement of the Company dated 3 March 2015 and the circular of the Company dated 25 March 2015.

On 10 March 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Real Estate (Hong Kong) Development Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a subsequent sale and purchase agreement, CITIC Real Estate (Hong Kong) Development Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell the 100% equity interest in Hong Kong Tianranju Holdings Limited at a total consideration of approximately RMB704 million. Further details of the transactions were set out in the announcement of the Company dated 10 March 2015 and the circular of the Company dated 25 March 2015.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2015.

Particulars of Investment Properties

31 December 2014

Location	Use	Tenure	Percentage of interest attributable to the Group
Unit 3-E of Block 6 Jincheng Building Lot No. H113-0004 Shennan Dong Road Luohu District Shenzhen City Guangdong Province The PRC	Residential	Medium term lease	100
Various office units on various levels of Block Nos. A and B Asia Plaza Lot No. B062416250-1 Dandong Road Jianghan District Wuhan City Hubei Province The PRC	Commercial	Medium term lease	100
29th Floor The Sun's Group Centre No. 200 Gloucester Road Wan Chai Hong Kong	Commercial	Long term lease	100

Five Year Financial Summary

31 December 2014

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**4,713,472**	3,028,185	2,724,229	5,400,140	4,649,269
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**(120,170)**	59,767	(24,753)	(8,411)	15,763

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**17,145,495**	5,793,011	1,344,717	1,921,680	2,130,027
TOTAL LIABILITIES	**(15,695,493)**	(4,261,003)	(1,024,742)	(1,582,469)	(1,781,905)
NON-CONTROLLING INTERESTS	**(388,985)**	(356,245)	–	–	–
	1,061,017	1,175,763	319,975	339,211	348,122

北大资源

PKU RESOURCES