*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.*

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

February 27, 2014

The Directors
Sunshine 100 China Holdings Ltd
China International Capital Corporation Hong Kong Securities Limited
Citigroup Global Markets Asia Limited

Dear Sirs,

**INTRODUCTION**

We set out below our report on the financial information relating to Sunshine 100 China Holdings Ltd (formerly known as Sunshine 100 China Holdings Limited, the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated balance sheets of the Group and the balance sheets of the Company as at December 31, 2010, 2011 and 2012, and September 30, 2013, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended December 31, 2010, 2011 and 2012, and the nine months ended September 30, 2013 (the "Relevant Period"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated February 27, 2014 (the "Prospectus").

The Company was incorporated in the Cayman Islands on September 20, 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

As at the date of this report, no audited financial statements have been prepared for the Company and the following companies set out below, as they either have not carried on any business since the date of incorporation, or are investment holding companies and/or not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation:

<u>Name of company</u>

1 Sunmode Limited ("Sunmode")
2 Keyasia Investments Limited ("Keyasia")
3 Eminent Star Group Limited ("Eminent Star")
4 Lofty Talent Limited ("Lofty Talent")

5 Wuxi Wanyi Nonglin Co., Ltd. ("Wuxi Nonglin")
6 Beijing Century Chengjing Investment Co., Ltd. ("Beijing Century")
7 Beijing Sunshine 100 Asset Operation Co., Ltd. ("Beijing Asset Operation")
8 Guangxi Sunshine 100 Asset Management Co., Ltd. ("Guangxi Sunshine 100")
9 Tianjin Lande 100 Real Estate Investment Co., Ltd. ("Tianjin Lande")
10 Tianjin Wanyi Real Estate Asset Operation Co., Ltd. ("Tianjin Real Estate Operation")
11 Chongqing Wine Dynasty Sales Co., Ltd. ("Chongqing Wine Dynasty")
12 Hunan Hui Jin Decoration and Design Co., Ltd. ("Hunan Hui Jin")
13 Wuxi Liaohongtian Construction and Decoration Co., Ltd. ("Wuxi Liaohongtian")

All companies comprising the Group have adopted December 31 as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in Note 34 of Section B. The statutory financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended December 31, 2010, 2011 and 2012, and the nine months ended September 30, 2013 were audited by KPMG Huazhen (Special General Partnership) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

## REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to September 30, 2013.

## OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and the Company as at December 31, 2010, 2011 and 2012, and September 30, 2013 and the Group's consolidated results and cash flows for the Relevant Period then ended.

## CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

## A CONSOLIDATED FINANCIAL INFORMATION

## 1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE GROUP

| | Section B Note | Years ended December 31, 2010 | 2011 | 2012 | Nine months ended September 30, 2012 | 2013 |
|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| **Revenue** | 2 | 2,932,274 | 2,939,600 | 4,454,610 | 2,212,529 | 2,189,567 |
| Cost of sales | | (1,960,772) | (2,082,080) | (3,042,204) | (1,466,676) | (1,650,520) |
| **Gross profit** | | 971,502 | 857,520 | 1,412,406 | 745,853 | 539,047 |
| Valuation gains on investment properties | 12 | 373,330 | 242,399 | 139,329 | 114,986 | 121,273 |
| Other income | 3 | 38,325 | 14,008 | 7,115 | 6,647 | 13,742 |
| Selling expenses | | (185,764) | (225,386) | (186,959) | (127,349) | (171,424) |
| Administrative expenses | | (253,668) | (268,278) | (266,130) | (175,785) | (196,126) |
| Other operating expenses | | (52,587) | (51,600) | (63,836) | (26,169) | (21,678) |
| **Profit from operations** | | 891,138 | 568,663 | 1,041,925 | 538,183 | 284,834 |
| Financial income | 4(a) | 11,229 | 18,029 | 32,551 | 21,347 | 31,111 |
| Financial expenses | 4(a) | (291,256) | (261,828) | (343,359) | (295,997) | (118,976) |
| Share of profits less losses of associates | 14 | 5,013 | 4,169 | 23,061 | (4,541) | 10,211 |
| **Profit before taxation** | 4 | 616,124 | 329,033 | 754,178 | 258,992 | 207,180 |
| Income tax | 5 | (345,877) | (268,255) | (369,884) | (236,483) | (133,110) |
| **Profit for the year/period** | | 270,247 | 60,778 | 384,294 | 22,509 | 74,070 |
| **Other comprehensive income** | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | |
| Valuation surplus on investment properties transferred from property and equipment, net of deferred tax | | — | 9,865 | — | — | — |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Net change in fair value of available-for-sale investment, net of deferred tax | | (316) | 74 | (947) | (947) | — |
| **Other comprehensive income for the year/period, net of income tax** | | (316) | 9,939 | (947) | (947) | — |
| **Total comprehensive income for the year/period** | | 269,931 | 70,717 | 383,347 | 21,562 | 74,070 |
| **Profit attributable to:** | | | | | | |
| Equity shareholders of the Company | | 161,830 | 23,938 | 300,909 | 22,111 | 92,992 |
| Non-controlling interests | | 108,417 | 36,840 | 83,385 | 398 | (18,922) |
| **Profit for the year/period** | | 270,247 | 60,778 | 384,294 | 22,509 | 74,070 |
| **Total comprehensive income attributable to:** | | | | | | |
| Equity shareholders of the Company | | 161,514 | 33,877 | 299,962 | 21,164 | 92,992 |
| Non-controlling interests | | 108,417 | 36,840 | 83,385 | 398 | (18,922) |
| **Total comprehensive income for the year/period** | | 269,931 | 70,717 | 383,347 | 21,562 | 74,070 |
| **Basic and diluted earnings per share (RMB) (Note)** | 9 | 4.15 | 0.61 | 7.72 | 0.57 | 2.38 |

Note: The earnings per share for all periods presented have not been adjusted to reflect the proposed capitalization issue as described in Note 35(b).

The accompanying notes form part of the Financial Information.

## 2 CONSOLIDATED BALANCE SHEETS OF THE GROUP

| | Section B Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Non-current assets** | | | | | |
| Property and equipment | 11 | 447,441 | 457,611 | 462,311 | 756,606 |
| Investment properties | 12 | 2,778,742 | 3,188,259 | 3,468,768 | 4,173,084 |
| Restricted deposits | 20 | 169,481 | 691,766 | 121,317 | 100,840 |
| Investments in associates | 14 | 67,440 | 71,609 | 114,270 | 145,296 |
| Other financial assets | 15 | 101,165 | 101,264 | — | — |
| Deferred tax assets | 16(b) | 334,619 | 341,998 | 418,918 | 588,093 |
| **Total non-current assets** | | 3,898,888 | 4,852,507 | 4,585,584 | 5,763,919 |
| **Current assets** | | | | | |
| Properties under development and completed properties held for sale | 17 | 8,538,478 | 10,780,470 | 11,617,733 | 15,470,391 |
| Land development for sale | 18 | 258,717 | 312,529 | 379,762 | 386,638 |
| Trade and other receivables | 19 | 2,271,907 | 2,720,598 | 3,300,717 | 3,687,486 |
| Restricted deposits | 20 | 315,923 | 469,523 | 1,517,836 | 1,822,531 |
| Cash and cash equivalents | 21 | 576,967 | 563,668 | 1,108,320 | 1,371,601 |
| **Total current assets** | | 11,961,992 | 14,846,788 | 17,924,368 | 22,738,647 |
| **Current liabilities** | | | | | |
| Loans and borrowings | 22 | 3,568,687 | 3,863,898 | 6,752,024 | 5,926,971 |
| Trade and other payables | 23 | 2,553,280 | 3,518,610 | 3,740,264 | 3,914,491 |
| Contract retention payables | | 36,089 | 57,234 | 63,490 | 62,797 |
| Sales deposits | 24 | 4,213,062 | 5,134,732 | 4,361,465 | 6,578,711 |
| Current tax liabilities | 16(a) | 731,519 | 770,821 | 710,030 | 679,952 |
| **Total current liabilities** | | 11,102,637 | 13,345,295 | 15,627,273 | 17,162,922 |
| **Net current assets** | | 859,355 | 1,501,493 | 2,297,095 | 5,575,725 |
| **Total assets less current liabilities** | | 4,758,243 | 6,354,000 | 6,882,679 | 11,339,644 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 22 | 2,148,223 | 3,400,633 | 3,442,428 | 7,114,242 |
| Contract retention payables | | 57,291 | 125,577 | 117,923 | 206,332 |
| Trade and other payables | 23 | 675,042 | 809,210 | 873,382 | 889,109 |
| Deferred tax liabilities | 16(b) | 510,356 | 574,266 | 608,785 | 856,811 |
| **Total non-current liabilities** | | 3,390,912 | 4,909,686 | 5,042,518 | 9,066,494 |
| **NET ASSETS** | | 1,367,331 | 1,444,314 | 1,840,161 | 2,273,150 |
| **CAPITAL AND RESERVES** | 25 | | | | |
| Share capital | | 376 | 376 | 376 | 376 |
| Reserves | | 978,682 | 1,012,559 | 1,319,633 | 1,412,625 |
| **Total equity attributable to equity shareholders of the Company** | | 979,058 | 1,012,935 | 1,320,009 | 1,413,001 |
| **Non-controlling interests** | | 388,273 | 431,379 | 520,152 | 860,149 |
| **TOTAL EQUITY** | | 1,367,331 | 1,444,314 | 1,840,161 | 2,273,150 |

The accompanying notes form part of the Financial Information.

## 3 BALANCE SHEETS OF THE COMPANY

| | Section B Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Non-current assets** | | | | | |
| Investments in subsidiaries | 13 | 55,276 | 55,276 | 55,276 | 55,276 |
| **Current assets** | | | | | |
| Other receivables | 19 | 4,676 | 213,147 | 214,568 | 220,974 |
| Amounts due from subsidiaries | | — | 314,188 | 481,993 | 466,053 |
| Cash and cash equivalents | 21 | — | — | — | 8,966 |
| **Total current assets** | | 4,676 | 527,335 | 696,561 | 695,993 |
| **Current liabilities** | | | | | |
| Loans and borrowings | 22 | 694,340 | 761,000 | 1,691,800 | 1,709,755 |
| Amounts due to subsidiaries | | 7,014 | 13,800 | 45,250 | 63,890 |
| Amounts due to related parties | 23 | — | — | — | 18,377 |
| **Total current liabilities** | | 701,354 | 774,800 | 1,737,050 | 1,792,022 |
| **Net current liabilities** | | (696,678) | (247,465) | (1,040,489) | (1,096,029) |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 22 | — | 518,211 | — | — |
| **NET LIABILITIES** | | (641,402) | (710,400) | (985,213) | (1,040,753) |
| **CAPITAL AND RESERVES** | 25 | | | | |
| Share capital | | 376 | 376 | 376 | 376 |
| Reserves | | (641,778) | (710,776) | (985,589) | (1,041,129) |
| **TOTAL EQUITY** | | (641,402) | (710,400) | (985,213) | (1,040,753) |

The accompanying notes form part of the Financial Information.

## 4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP

| | Section B Note | Attributable to equity shareholders of the Company | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | General reserve fund | Fair value reserve | Property revaluation reserve | Retained profits | Sub-total | | |
| | | RMB'000 Note 25(c) | RMB'000 Note 25(d)(i) | RMB'000 Note 25(d)(ii) | RMB'000 Note 25(d)(iii) | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2010 | | 376 | 250,662 | 1,189 | — | 565,445 | 817,672 | 218,822 | 1,036,494 |
| Profit for the year | | — | — | — | — | 161,830 | 161,830 | 108,417 | 270,247 |
| Other comprehensive income | | — | — | (316) | — | — | (316) | — | (316) |
| Total comprehensive income for the year | | — | — | (316) | — | 161,830 | 161,514 | 108,417 | 269,931 |
| Acquisition of a subsidiary | 30(a) | — | — | — | — | — | — | 9,800 | 9,800 |
| Disposal of subsidiaries | | — | — | — | — | — | — | (11,894) | (11,894) |
| Acquisition of non-controlling interests | 25(f) | — | — | — | — | (128) | (128) | (5,172) | (5,300) |
| Capital injection from non-controlling interests | | — | — | — | — | — | — | 68,300 | 68,300 |
| Transfer to general reserve fund | | — | 34,519 | — | — | (34,519) | — | — | — |
| At December 31, 2010 | | 376 | 285,181 | 873 | — | 692,628 | 979,058 | 388,273 | 1,367,331 |
| At January 1, 2011 | | 376 | 285,181 | 873 | — | 692,628 | 979,058 | 388,273 | 1,367,331 |
| Profit for the year | | — | — | — | — | 23,938 | 23,938 | 36,840 | 60,778 |
| Other comprehensive income | | — | — | 74 | 9,865 | — | 9,939 | — | 9,939 |
| Total comprehensive income for the year | | — | — | 74 | 9,865 | 23,938 | 33,877 | 36,840 | 70,717 |
| Acquisition of a subsidiary | 30(a) | — | — | — | — | — | — | 147,273 | 147,273 |
| Disposal of subsidiaries | | — | — | — | — | — | — | (1,348) | (1,348) |
| Capital injection from non-controlling interests | | — | — | — | — | — | — | 1,470 | 1,470 |
| Distribution to non-controlling interests | | — | — | — | — | — | — | (141,129) | (141,129) |
| Transfer to general reserve fund | | — | 18,850 | — | — | (18,850) | — | — | — |
| At December 31, 2011 | | 376 | 304,031 | 947 | 9,865 | 697,716 | 1,012,935 | 431,379 | 1,444,314 |

The accompanying notes form part of the Financial Information.

## 4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP (CONTINUED)

| | Section B Note | Attributable to equity shareholders of the Company | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | General reserve fund | Fair value reserve | Property revaluation reserve | Retained profits | Sub-total | | |
| | | RMB'000 Note 25(c) | RMB'000 Note 25(d)(i) | RMB'000 Note 25(d)(ii) | RMB'000 Note 25(d)(iii) | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2012 | | 376 | 304,031 | 947 | 9,865 | 697,716 | 1,012,935 | 431,379 | 1,444,314 |
| Profit for the year | | — | — | — | — | 300,909 | 300,909 | 83,385 | 384,294 |
| Other comprehensive income | | — | — | (947) | — | — | (947) | — | (947) |
| Total comprehensive income for the year | | — | — | (947) | — | 300,909 | 299,962 | 83,385 | 383,347 |
| Capital injection from non-controlling interests | | — | — | — | — | — | — | 12,500 | 12,500 |
| Contribution from non-controlling interests | | — | — | — | — | 7,112 | 7,112 | (7,112) | — |
| Transfer to general reserve fund | | — | 32,333 | — | — | (32,333) | — | — | — |
| At December 31, 2012 | | 376 | 336,364 | — | 9,865 | 973,404 | 1,320,009 | 520,152 | 1,840,161 |
| At January 1, 2013 | | 376 | 336,364 | — | 9,865 | 973,404 | 1,320,009 | 520,152 | 1,840,161 |
| Profit and total comprehensive income for the period | | — | — | — | — | 92,992 | 92,992 | (18,922) | 74,070 |
| Acquisition of a subsidiary | | — | — | — | — | — | — | 311,031 | 311,031 |
| Disposal of subsidiaries | | — | — | — | — | — | — | (1,112) | (1,112) |
| Capital injection from non-controlling interests | | — | — | — | — | — | — | 49,000 | 49,000 |
| Transfer to general reserve fund | | — | 18,320 | — | — | (18,320) | — | — | — |
| At September 30, 2013 | | 376 | 354,684 | — | 9,865 | 1,048,076 | 1,413,001 | 860,149 | 2,273,150 |

The accompanying notes form part of the Financial Information.

## 4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP (CONTINUED)

| | Section B Note | Attributable to equity shareholders of the Company | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | General reserve fund | Fair value reserve | Property revaluation reserve | Retained profits | Sub-total | | |
| | | RMB'000 Note 25(c) | RMB'000 Note 25(d)(i) | RMB'000 Note 25(d)(ii) | RMB'000 Note 25(d)(iii) | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ***(Unaudited)*** | | | | | | | | | |
| At January 1, 2012 | | 376 | 304,031 | 947 | 9,865 | 697,716 | 1,012,935 | 431,379 | 1,444,314 |
| Profit for the period | | — | — | — | — | 22,111 | 22,111 | 398 | 22,509 |
| Other comprehensive income | | — | — | (947) | — | — | (947) | — | (947) |
| Total comprehensive income for the period | | — | — | (947) | — | 22,111 | 21,164 | 398 | 21,562 |
| Capital injection from non-controlling interests | | — | — | — | — | — | — | 12,500 | 12,500 |
| Transfer to general reserve fund | | — | 11,134 | — | — | (11,134) | — | — | — |
| At September 30, 2012 | | 376 | 315,165 | — | 9,865 | 708,693 | 1,034,099 | 444,277 | 1,478,376 |

The accompanying notes form part of the Financial Information.

## 5 CONSOLIDATED CASH FLOW STATEMENTS OF THE GROUP

| | Section B Note | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| **Operating activities** | | | | | | |
| Profit before taxation | | 616,124 | 329,033 | 754,178 | 258,992 | 207,180 |
| Adjustments for: | | | | | | |
| - Depreciation | 4(c) | 14,857 | 21,703 | 28,172 | 23,316 | 27,134 |
| - Valuation gains on investment properties | 12 | (373,330) | (242,399) | (139,329) | (114,986) | (121,273) |
| - Financial expenses | 4(a) | 288,374 | 259,257 | 338,608 | 289,203 | 114,764 |
| - Financial income | 4(a) | (11,229) | (18,029) | (32,551) | (21,347) | (31,111) |
| - (Gain)/loss on disposal of subsidiaries | 3 | (26,437) | (4,110) | — | — | 5 |
| - Net loss/(gain) on disposal of property and equipment | 4(c) | 473 | 658 | 350 | 166 | (47) |
| - Share of profits less losses of associates | 14 | (5,013) | (4,169) | (23,061) | 4,541 | (10,211) |
| | | 503,819 | 341,944 | 926,367 | 439,885 | 186,441 |
| (Increase)/decrease in properties under development and completed properties held for sale | | (1,453,883) | (594,759) | 88,280 | (737,675) | (1,524,314) |
| Increase in land development for sale | | (3,405) | (53,812) | (67,233) | (25,981) | (6,876) |
| Decrease/(increase) in trade and other receivables | | 133,763 | (254,990) | (290,913) | (992,368) | 230,971 |
| Decrease/(increase) in restricted deposits | | 140,478 | (79,768) | 27,207 | 269,005 | 17,101 |
| Increase/(decrease) in trade and other payables, and contract retention payables | | 160,570 | 139,914 | 192,578 | 807,361 | (533,159) |
| Increase/(decrease) in sales deposits | | 912,529 | 921,670 | (773,267) | 425,099 | 1,370,416 |
| **Cash generated from/(used in) operation** | | 393,871 | 420,199 | 103,019 | 185,326 | (259,420) |
| Income tax paid | | (434,524) | (244,679) | (315,328) | (234,925) | (236,197) |
| **Net cash (used in)/generated from operating activities** | | (40,653) | 175,520 | (212,309) | (49,599) | (495,617) |

The accompanying notes form part of the Financial Information.

## 5 CONSOLIDATED CASH FLOW STATEMENTS OF THE GROUP (CONTINUED)

| | Section B Note | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| **Investing activities** | | | | | | |
| Financial income received | | 11,229 | 18,029 | 32,551 | 21,347 | 31,111 |
| Net cash (outflow)/inflow from disposal of subsidiaries | | (87,161) | 57,760 | — | — | (32,898) |
| Proceeds from disposal of other financial assets | | — | — | 100,000 | 100,000 | 69,000 |
| Proceeds from disposal of an associate | | — | 6,500 | — | — | — |
| Proceeds from disposal of a jointly controlled entity | | 37,662 | — | — | — | — |
| Proceeds from disposal of property and equipment | | 873 | 3,049 | 1,168 | 1,078 | 1,817 |
| Acquisition of subsidiaries, net of cash acquired | | (84,887) | (196,599) | (34,000) | — | 32,085 |
| Acquisition of property and equipment | | (262,641) | (71,324) | (18,063) | (16,202) | (15,304) |
| Acquisition of investment properties | | (127,784) | (74,440) | (109,360) | (64,413) | (52,898) |
| Acquisition of other financial assets | | (50,000) | — | — | — | (69,000) |
| Acquisition of associates | | (49,000) | — | (19,600) | — | (19,650) |
| Repayment of advances to related parties | | 156,564 | 158,153 | 142,280 | 127,948 | 297,805 |
| Advances to related parties | | (56,396) | (196,671) | (591,606) | (317,722) | (800,757) |
| **Net cash used in investing activities** | | (511,541) | (295,543) | (496,630) | (147,964) | (558,689) |
| **Financing activities** | | | | | | |
| Capital injection from non-controlling interests | | 68,300 | 1,470 | 12,500 | 12,500 | 49,000 |
| Proceeds from loans and borrowings | | 3,288,323 | 4,375,735 | 5,609,300 | 2,773,283 | 7,197,906 |
| Repayment of loans and borrowings | | (1,660,317) | (2,994,590) | (2,888,305) | (1,146,188) | (5,457,689) |
| Interest paid | | (896,944) | (838,840) | (750,194) | (492,064) | (609,741) |
| Acquisition of non-controlling interests | | (62,112) | (55,029) | (8,051) | — | — |
| Distribution to non-controlling interests | | (20,100) | — | (141,129) | (141,129) | — |
| Increase in restricted deposits | | (159,725) | (596,117) | (505,071) | (194,668) | (301,319) |
| Advances from related parties | | 6,198 | 214,357 | 41,420 | 35,313 | 499,346 |
| Repayment of advances from related parties | | (33,044) | (262) | (116,879) | (87,411) | (59,916) |
| **Net cash generated from financing activities** | | 530,579 | 106,724 | 1,253,591 | 759,636 | 1,317,587 |
| **Net (decrease)/increase in cash and cash equivalent** | | (21,615) | (13,299) | 544,652 | 562,073 | 263,281 |
| **Cash and cash equivalents at January 1,** | | 598,582 | 576,967 | 563,668 | 563,668 | 1,108,320 |
| **Cash and cash equivalents at December 31, /September 30,** | 21 | 576,967 | 563,668 | 1,108,320 | 1,125,741 | 1,371,601 |

The accompanying notes form part of the Financial Information.

## B NOTES TO THE FINANCIAL INFORMATION

## 1 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board (the "IASB"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, Sunshine 100 China Holdings Ltd (formerly known as Sunshine 100 China Holdings Limited, the "Company") and its subsidiaries (herein after collectively referred to as the "Group") has adopted all applicable new and revised IFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ended September 30, 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2013 are set out in Note 33.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

### (b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the Company and the entities carrying on the principle activities of the Group in the People's Republic of China (the "PRC"). The Financial Information is prepared on the historical cost basis except for available-for-sale financial assets (see Note 1(g)), derivative financial instruments (see Note 1(h)), investment properties (see Note 1(i)), convertible loans (see Note 1(p)) and loans and borrowings designated at fair value through profit or loss (see Note 1(q)(ii)), which are stated at their fair value as explained in the accounting policies set out below.

### (c) Use of estimates and judgments

The preparation of the Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 31.

**(d) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheets within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 1(p), (q) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 1(e)).

In the Company's balance sheets, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

**(e) Associates**

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see Note 1(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

**(f) Goodwill**

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree;

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as again on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

**(g) Other investments in debt and equity securities**

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any dividends or interest earned on these investments as these are recognized in accordance with the policies set out in Note 1(w)(v) and (vi).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortized cost less impairment losses (see Note 1(l)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognized in the statement of financial position at cost less impairment losses (see Note 1(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognized in profit or loss in accordance with the policies set out in Notes 1(w)(vi) and 1(w)(v), respectively. Foreign exchange gains and losses resulting from changes in the amortized cost of debt securities are also recognized in profit or loss.

When the investments are derecognised or impaired (see Note 1(l)), the cumulative gain or loss recognized in equity is reclassified to profit or loss. Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

**(h) Derivative financial instruments**

Derivative financial instruments are recognized initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

**(i) Investment properties**

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment properties.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of investment properties is recognized in profit or loss. Rental income from investment properties is accounted for as described in Note 1(w)(iii).

When an own-occupied property becomes an investment property that will be carried at fair value, any surplus at the date of such transfer between the carrying amount of the property and its fair value is recorded in other comprehensive income and accumulated separately in equity in the property revaluation reserve, when a deficit arises, it will be charged to profit or loss.

**(j) Other property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(l)).

The cost of self-constructed items of property includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(y)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

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

| | |
|---|---|
| — Hotel properties | 30-40 years |
| — Office premises | 20-30 years |
| — Motor vehicles | 5-8 years |
| — Office equipment | 3-5 years |

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

**(k) Operating lease charges**

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

**(l) Impairment of assets**

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortized cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

— For investments in subsidiaries and associates (including those recognized using the equity method (see Note 1(e))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(l)(ii). The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with Note 1(l)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

— For available-for-sale securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

  Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of loans and receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property and equipment may be impaired or an impairment loss previously recognized no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

**(m) Land development for sale**

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalized borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such land development for sale. Land development for sale is stated at the lower of cost and net realizable value. Net realizable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realizing the revenue derived from the sale of land development for sale based on prevailing market conditions.

**(n) Properties under development and completed properties held for sale**

Properties under development and completed properties held for sale in respect of property development activities are carried at the lower of cost and net realizable value. Cost and net realizable values are determined as follows:

— Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalized (see Note 1(y)). Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

— Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

**(o) Trade and other receivables**

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

**(p) Convertible loans**

Convertible loans which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible loans is measured at fair value and presented as part of derivative financial instruments (see Note 1(h)). Any excess of proceeds over the amount initially recognized as the derivative component is recognized as the liability component. Transaction costs that relate to the issue of the convertible loans are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognized initially as part of the liability. The portion relating to the derivative component is recognized immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with Note 1(h). The liability component is subsequently carried at amortized cost, unless it is designated at fair value through profit or loss in accordance with Note 1(q)(ii).

If the loan is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the loan is redeemed, any difference between the amount paid and the carrying amounts of both components is recognized in profit or loss.

**(q) Loans and borrowings**

The Group adopted two measurement methods on loans and borrowings.

(i) Loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(ii) Loans and borrowings are designated at fair value through profit or loss upon initial recognition when:

— the loans and borrowings are managed, evaluated and reported internally on a fair value basis;

— the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;

— the loans and borrowings contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; and

— the separation of the embedded derivatives from the financial instrument is not prohibited.

Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

**(r) Trade and other payables**

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with Note 1(v)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(s) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

**(t) Employee benefits**

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to defined contributions retirement scheme as required under the relevant PRC laws and regulations are charged to profit or loss when incurred.

(ii) Termination benefits

Termination benefits are recognized at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

**(u) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 1(i), the amount of deferred tax recognized is measured using the tax rates that would apply on sales of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

**(v) Financial guarantees issued, provisions and contingent liabilities**

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with Note 1(v)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with Note 1(v)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 1(v)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(w) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from sales of properties excludes business tax and is after deduction of any trade discounts. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets as sales deposits.

(ii) Revenue from land development for sale

Revenue from land development for sale is recognized upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which occurs upon the completion of related works as well as the sale of land.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Rental income from operating leases excludes business tax. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(iv) Property management and hotel operation income

Property management and hotel operation income is recognized over the periods in which the services management are rendered. Property management and hotel operation income excludes business tax.

(v) Interest income

Interest income is recognized as it accrues using the effective interest method.

(vi) Dividend

Dividend income from investments is recognized when the shareholder's right to receive payment is established.

**(x) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet dates. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

**(y) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

**(z) Related parties**

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and entities controlled by the controlling shareholders is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(aa) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 2 REVENUE

The principal activities of the Group are property and land development, property investment and property management and hotel operation. Revenue for the Relevant Period represents sale of properties, rental income from investment properties and property management and hotel operation income, net of business tax, analyzed as follows:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Sale of properties | 2,835,219 | 2,819,932 | 4,273,433 | 2,084,820 | 2,023,156 |
| Rental income from investment properties | 20,825 | 30,417 | 40,799 | 31,213 | 40,236 |
| Property management and hotel operation income | 76,230 | 89,251 | 140,378 | 96,496 | 126,175 |
| | 2,932,274 | 2,939,600 | 4,454,610 | 2,212,529 | 2,189,567 |

## 3 OTHER INCOME

| | Years ended December 31, 2010 | 2011 | 2012 | Nine months ended September 30, 2012 | 2013 |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Gain/(loss) on disposal of subsidiaries | 26,437 | 4,110 | — | — | (5) |
| Others | 11,888 | 9,898 | 7,115 | 6,647 | 13,747 |
| | 38,325 | 14,008 | 7,115 | 6,647 | 13,742 |

## 4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

### (a) Financial income and financial expenses

| | Note | Years ended December 31, 2010 | 2011 | 2012 | Nine months ended September 30, 2012 | 2013 |
|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| **Financial income** | | | | | | |
| Interest income | | (5,706) | (12,505) | (29,470) | (18,266) | (29,808) |
| Dividend income on available-for-sale investment | | (5,523) | (5,524) | (3,081) | (3,081) | (1,303) |
| | | (11,229) | (18,029) | (32,551) | (21,347) | (31,111) |
| **Financial expenses** | | | | | | |
| Interest on loans and borrowings wholly repayable within five years | | 354,198 | 564,656 | 682,803 | 499,741 | 611,021 |
| Interest on other loans and borrowings | | 3,007 | 2,215 | 32,744 | 11,611 | 51,454 |
| Total interest expense on loans and borrowings measured at amortized cost | | 357,205 | 566,871 | 715,547 | 511,352 | 662,475 |
| Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction | (i) | (263,278) | (474,090) | (585,865) | (401,363) | (596,755) |
| | | 93,927 | 92,781 | 129,682 | 109,989 | 65,720 |
| Net change in fair value of the loans from Riverside (Note 22(a)) | (ii) | 160,540 | 166,476 | 208,926 | 179,214 | 26,780 |
| Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust (Note 22(b)) | | 33,907 | — | — | — | 22,264 |
| Bank charges and others | | 2,882 | 2,571 | 4,751 | 6,794 | 4,212 |
| | | 291,256 | 261,828 | 343,359 | 295,997 | 118,976 |

Notes:

(i) The borrowing costs were capitalized at rates of 5.31% — 18.00%, 5.40% — 20.00% and 6.05% — 20.00%, 6.05% — 20.00% (unaudited) and 6.15% — 20.00% per annum for the years ended December 31, 2010, 2011 and 2012, and the nine months ended September 30, 2012 and 2013, respectively.

(ii) Net change in fair value of the loans for Riverside was comprised of fair value adjustment charged to profit or loss, de-recognition and credited to profit or loss and recognition and charged to profit or loss for the year ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 (unaudited) and 2013.

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Fair value adjustment charged to profit or loss | 240,780 | 166,476 | — | 179,214 | 71,045 |
| De-recognition and credited to profit or loss | (1,527,380) | — | (824,549) | — | (672,583) |
| Recognition and charged to profit or loss | 1,447,140 | — | 1,033,475 | — | 628,318 |
| | 160,540 | 166,476 | 208,926 | 179,214 | 26,780 |

**(b) Staff costs**

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Contributions to defined contribution retirement plan | 13,487 | 14,780 | 17,416 | 11,970 | 13,882 |
| Salaries, wages and other benefits | 186,029 | 239,925 | 239,633 | 132,375 | 159,955 |
| | 199,516 | 254,705 | 257,049 | 144,345 | 173,837 |

**(c) Other items**

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Depreciation | 14,857 | 21,703 | 28,172 | 23,316 | 27,134 |
| Auditors' remuneration | | | | | |
| — Audit services | 1,003 | 1,085 | 1,379 | 1,461 | 1,448 |
| — Tax services | 5 | 20 | 261 | 143 | 162 |
| Net loss/(gain) on disposal of property and equipment | 473 | 658 | 350 | 166 | (47) |
| Operating lease charges in respect of properties | 29,513 | 33,363 | 20,062 | 11,812 | 15,477 |
| Rental receivable from investment properties less direct outgoing of RMB nil | (20,825) | (30,417) | (40,799) | (31,213) | (40,236) |

## 5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

### (a) Income tax in the consolidated statements of comprehensive income represents:

| | Note | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Provision for the year/period | | | | | | |
| — PRC Corporate Income Tax | | 208,703 | 64,354 | 301,763 | 185,090 | 122,618 |
| — Land Appreciation Tax | | 168,289 | 150,683 | 110,205 | 105,666 | 48,365 |
| Deferred tax | 16(b) | (31,115) | 53,218 | (42,084) | (54,273) | (37,873) |
| | | 345,877 | 268,255 | 369,884 | 236,483 | 133,110 |

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "BVI"), the Company and its subsidiaries incorporated in the Cayman Islands and the BVI, are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25% during the Relevant Period.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 5% to 7% based on types of properties.

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Profit before taxation | 616,124 | 329,033 | 754,178 | 258,992 | 207,180 |
| National tax at profit before taxation, calculated at the tax rate of 25% | 154,031 | 82,258 | 188,545 | 64,748 | 51,795 |
| Tax effect of Land Appreciation Tax deductible for PRC Corporate Income Tax | (42,072) | (37,671) | (27,551) | (26,416) | (12,091) |
| Tax effect of unused tax losses not recognized | 6,929 | 9,119 | 22,678 | 17,539 | 17,720 |
| Tax effect of share of profits less losses of associates | (1,253) | (1,042) | (5,765) | 1,135 | (2,553) |
| Tax effect of non-deductible expenses | 59,953 | 64,908 | 81,772 | 73,811 | 29,874 |
| Provision for Land Appreciation Tax | 168,289 | 150,683 | 110,205 | 105,666 | 48,365 |
| Actual tax expense | 345,877 | 268,255 | 369,884 | 236,483 | 133,110 |

## 6 DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

| | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Year ended December 31, 2010** | | | | |
| Chairman: | | | | |
| Mr. Yi Xiaodi | 872 | 1,366 | 27 | 2,265 |
| Executive director: | | | | |
| Mr. Fan Xiaochong | 831 | 1,360 | 27 | 2,218 |
| Non-executive director: | | | | |
| Ms. Fan Xiaohua | 416 | — | — | 416 |
| | 2,119 | 2,726 | 54 | 4,899 |
| **Year ended December 31, 2011** | | | | |
| Chairman: | | | | |
| Mr. Yi Xiaodi | 1,206 | 982 | 25 | 2,213 |
| Executive director: | | | | |
| Mr. Fan Xiaochong | 1,008 | 950 | 25 | 1,983 |
| Non-executive directors: | | | | |
| Ms. Fan Xiaohua | 1,075 | — | — | 1,075 |
| Mr. Gagnon Joseph Raymond (appointed on June 15, 2011) | — | — | — | — |
| | 3,289 | 1,932 | 50 | 5,271 |
| **Year ended December 31, 2012** | | | | |
| Chairman: | | | | |
| Mr. Yi Xiaodi | 1,186 | 892 | 24 | 2,102 |
| Executive director: | | | | |
| Mr. Fan Xiaochong | 1,130 | 857 | 24 | 2,011 |
| Non-executive directors: | | | | |
| Ms. Fan Xiaohua | 1,016 | — | — | 1,016 |
| Mr. Gagnon Joseph Raymond | — | — | — | — |
| | 3,332 | 1,749 | 48 | 5,129 |
| ***(Unaudited)*** | | | | |
| **Nine months ended September 30, 2012** | | | | |
| Chairman: | | | | |
| Mr. Yi Xiaodi | 814 | — | 18 | 832 |
| Executive director: | | | | |
| Mr. Fan Xiaochong | 804 | — | 18 | 822 |
| Non-executive directors: | | | | |
| Ms. Fan Xiaohua | 447 | — | — | 447 |
| Mr. Gagnon Joseph Raymond | — | — | — | — |
| | 2,065 | — | 36 | 2,101 |

| | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Nine months ended September 30, 2013** | | | | |
| Chairman: | | | | |
| Mr. Yi Xiaodi | 941 | — | 22 | 963 |
| Executive director: | | | | |
| Mr. Fan Xiaochong | 944 | — | 22 | 966 |
| Non-executive directors: | | | | |
| Ms. Fan Xiaohua | 445 | — | — | 445 |
| Mr. Gagnon Joseph Raymond | — | — | — | — |
| | 2,330 | — | 44 | 2,374 |

During the Relevant Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

No directors of the Company waived or agreed to waive any remuneration during the Relevant Period. No remuneration was paid to independent non-executive directors during the Relevant Period as the independent non-executive directors have not been appointed during the Relevant Period.

## 7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013 are set forth below:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | Number of individuals | Number of individuals | Number of individuals | Number of individuals (unaudited) | Number of individuals |
| Directors | 2 | 2 | 2 | 2 | 1 |
| Non-directors | 3 | 3 | 3 | 3 | 4 |
| | 5 | 5 | 5 | 5 | 5 |

Of the five individuals with the highest emoluments, directors whose emoluments are disclosed in Note 6. The aggregate of the emoluments in respect of the other individuals are as follows:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Salaries and other emoluments | 1,499 | 2,464 | 3,375 | 2,463 | 3,935 |
| Discretionary bonuses | 2,407 | 3,018 | 2,730 | — | — |
| Retirement scheme contributions | 29 | 38 | 50 | 37 | 59 |
| | 3,935 | 5,520 | 6,155 | 2,500 | 3,994 |

The emoluments of the individuals with the highest emoluments are within the following bands:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | Number of individuals | Number of individuals | Number of individuals | Number of individuals (unaudited) | Number of individuals |
| HKD500,001 to HKD1,000,000 | — | — | — | — | — |
| HKD1,000,001 to HKD1,500,000 | — | — | — | 3 | 4 |
| HKD1,500,001 to HKD2,000,000 | 2 | — | — | — | — |
| HKD2,000,001 to HKD2,500,000 | 1 | 2 | 2 | — | — |
| HKD2,500,001 to HKD3,000,000 | — | 1 | 1 | — | — |

During the Relevant Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 8 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB219,076,000, RMB68,998,000, RMB274,813,000, RMB185,905,000 (unaudited) and RMB55,540,000 for the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013, respectively, which has been dealt with in the financial statements of the Company.

## 9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB161,830,000, RMB23,938,000, RMB300,909,000, RMB22,111,000 (unaudited) and RMB92,992,000, for the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013, respectively, and the number of ordinary shares of 39,000,000 shares, which has been adjusted retrospectively for the share split described below.

On February 17, 2014, the Company approved a share split by issuance of 39,000,000 shares at par value of HKD0.01 each fully paid to Joywise Holdings Limited ("Joywise"), the parent company of the Company, and repurchase of the existing 50,000 issued shares at par value of USD1.00 each held by Joywise.

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding during the Relevant Period.

The basic and diluted earnings per share for all periods presented in the Financial Information have not been taken into account the effect of the proposed capitalization issue as described in Note 35(b).

## 10 SEGMENT REPORTING

The Group manages its businesses based on its products and services, which are divided into property development that comprises mixed-use business complexes projects and multi-functional residential communities, investment properties, and property management and hotel operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following four reportable segments:

(a) the mixed-use business complexes segment that develops and sells business complex products;

(b) the multi-functional residential communities segment that develops and sells residential properties and develops land;

(c) investment properties segment that leases offices, commercial premises and a hotel; and

(d) the property management and hotel operation segment that provides property management service and hotel accommodation services.

No operating segments have been aggregated to form the above reportable segments.

**(a) Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities with the exception of unallocated head office and corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment profit represents the profit after taxation generated by individual segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Management is provided with segment information concerning revenue, cost of sales, valuation gains on investment properties, net operating expenses, financial income, financial expenses, income tax, depreciation, additions on investment properties and property and equipment, and loans and borrowings.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013 is set out below:

| | Year ended December 31, 2010 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Reportable segment revenue** | 1,328,497 | 1,506,722 | 20,825 | 90,477 | 2,946,521 |
| Cost of sales | (799,514) | (1,138,316) | — | (70,526) | (2,008,356) |
| **Reportable segment gross profit** | 528,983 | 368,406 | 20,825 | 19,951 | 938,165 |
| Valuation gains on investment properties | — | — | 373,330 | — | 373,330 |
| Net operating expenses | (106,537) | (284,932) | (24,221) | (24,601) | (440,291) |
| Financial income | 755 | 4,639 | 38 | 100 | 5,532 |
| Financial expenses | (5,987) | (49,449) | (5) | (257) | (55,698) |
| **Reportable segment profit/(loss) before taxation** | 417,214 | 38,664 | 369,967 | (4,807) | 821,038 |
| Income tax | (211,573) | (43,960) | (92,484) | (1,868) | (349,885) |
| **Reportable segment profit/(loss)** | 205,641 | (5,296) | 277,483 | (6,675) | 471,153 |
| Depreciation | 1,421 | 5,770 | 365 | 1,800 | 9,356 |
| Additions on investment properties and property and equipment | 1,787 | 8,262 | 132,774 | 260,149 | 402,972 |

| | At December 31, 2010 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Loans and borrowings | 1,388,615 | 2,780,175 | — | — | 4,168,790 |
| Reportable segment assets | 5,583,324 | 8,981,185 | 3,077,441 | 387,656 | 18,029,606 |
| Reportable segment liabilities | 5,351,053 | 8,202,333 | 283,003 | 139,912 | 13,976,301 |

| | Year ended December 31, 2011 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Reportable segment revenue** | 1,149,826 | 1,670,106 | 30,417 | 116,231 | 2,966,580 |
| Cost of sales | (767,417) | (1,258,833) | — | (95,234) | (2,121,484) |
| **Reportable segment gross profit** | 382,409 | 411,273 | 30,417 | 20,997 | 845,096 |
| Valuation gains on investment properties | — | — | 242,399 | — | 242,399 |
| Net operating expenses | (110,015) | (310,940) | (9,023) | (45,518) | (475,496) |
| Financial income | 938 | 3,950 | 71 | 151 | 5,110 |
| Financial expenses | (4,678) | (13,592) | (5) | (438) | (18,713) |
| **Reportable segment profit/(loss) before taxation** | 268,654 | 90,691 | 263,859 | (24,808) | 598,396 |
| Income tax | (138,707) | (76,356) | (66,468) | 48 | (281,483) |
| **Reportable segment profit/(loss)** | 129,947 | 14,335 | 197,391 | (24,760) | 316,913 |
| Depreciation | 1,471 | 7,560 | 391 | 6,770 | 16,192 |
| Additions on investment properties and property and equipment | 11,994 | 13,021 | 101,736 | 58,171 | 184,922 |

| | At December 31, 2011 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Loans and borrowings | 830,515 | 3,810,874 | — | — | 4,641,389 |
| Reportable segment assets | 5,251,190 | 12,062,338 | 3,451,917 | 448,659 | 21,214,104 |
| Reportable segment liabilities | 5,415,837 | 10,797,245 | 303,682 | 217,232 | 16,733,996 |

| | Year ended December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Reportable segment revenue** | 934,534 | 3,338,899 | 40,799 | 180,942 | 4,495,174 |
| Cost of sales | (547,901) | (2,370,222) | — | (162,236) | (3,080,359) |
| **Reportable segment gross profit** | 386,633 | 968,677 | 40,799 | 18,706 | 1,414,815 |
| Valuation gains on investment properties | — | — | 139,329 | — | 139,329 |
| Net operating expenses | (120,041) | (383,379) | (1,741) | (42,631) | (547,792) |
| Financial income | 1,534 | 9,878 | 5 | 120 | 11,537 |
| Financial expenses | (462) | (16,294) | (7) | (1,083) | (17,846) |
| **Reportable segment profit/(loss) before taxation** | 267,664 | 578,882 | 178,385 | (24,888) | 1,000,043 |
| Income tax | (33,373) | (279,083) | (62,479) | (1,394) | (376,329) |
| **Reportable segment profit/(loss)** | 234,291 | 299,799 | 115,906 | (26,282) | 623,714 |
| Depreciation | 1,273 | 8,522 | 438 | 15,821 | 26,054 |
| Additions on investment properties and property and equipment | 415 | 7,359 | 141,566 | 24,064 | 173,404 |

| | At December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Loans and borrowings | 339,585 | 6,452,568 | — | — | 6,792,153 |
| Reportable segment assets | 5,772,858 | 14,885,293 | 3,627,625 | 515,841 | 24,801,617 |
| Reportable segment liabilities | 5,576,217 | 12,673,440 | 401,141 | 380,864 | 19,031,662 |

| | Nine months ended September 30, 2012 (unaudited) | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Reportable segment revenue** | 225,531 | 1,859,290 | 31,213 | 114,284 | 2,230,318 |
| Cost of sales | (168,758) | (1,188,998) | — | (108,920) | (1,466,676) |
| **Reportable segment gross profit** | 56,773 | 670,292 | 31,213 | 5,364 | 763,642 |
| Valuation gains on investment properties | — | — | 114,986 | — | 114,986 |
| Net operating expenses | (45,278) | (217,886) | (1,154) | (37,320) | (301,638) |
| Financial income | 3,299 | 5,465 | 3 | 87 | 8,854 |
| Financial expenses | (236) | (17,472) | (4) | (715) | (18,427) |
| **Reportable segment profit/(loss) before taxation** | 14,558 | 440,399 | 145,044 | (32,584) | 567,417 |
| Income tax | (13,736) | (189,359) | (36,222) | (376) | (239,693) |
| **Reportable segment profit/(loss)** | 822 | 251,040 | 108,822 | (32,960) | 327,724 |
| Depreciation | 1,300 | 6,511 | 402 | 15,098 | 23,311 |
| Additions on investment properties and property and equipment | 354 | 2,184 | 69,447 | 22,498 | 94,483 |

| | Nine months ended September 30, 2013 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Reportable segment revenue** | 280,550 | 1,742,606 | 40,236 | 137,953 | 2,201,345 |
| Cost of sales | (157,921) | (1,374,856) | — | (117,743) | (1,650,520) |
| **Reportable segment gross profit** | 122,629 | 367,750 | 40,236 | 20,210 | 550,825 |
| Valuation gains on investment properties | — | — | 121,273 | — | 121,273 |
| Net operating expenses | (48,977) | (238,373) | (22,311) | (53,850) | (363,511) |
| Financial income | 8,809 | 4,767 | 5 | 101 | 13,682 |
| Financial expenses | (30,865) | (22,661) | (193) | (12,589) | (66,308) |
| **Reportable segment profit/(loss) before taxation** | 51,596 | 111,483 | 139,010 | (46,128) | 255,961 |
| Income tax | (43,609) | (74,492) | (37,323) | — | (155,424) |
| **Reportable segment profit/(loss)** | 7,987 | 36,991 | 101,687 | (46,128) | 100,537 |
| Depreciation | 1,365 | 5,595 | 264 | 19,745 | 26,969 |
| Additions on investment properties and property and equipment | 253 | 2,046 | 51,723 | 1,689 | 55,711 |

| | At September 30, 2013 | | | | |
|---|---|---|---|---|---|
| | Mixed-use business complexes | Multi-functional residential communities | Investment properties | Property management and hotel operation | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Loans and borrowings | 2,973,384 | 5,915,584 | 27,999 | — | 8,916,967 |
| Reportable segment assets | 11,512,878 | 14,219,557 | 4,267,830 | 746,712 | 30,746,977 |
| Reportable segment liabilities | 10,294,242 | 13,747,849 | 328,782 | 330,263 | 24,701,136 |

**(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities**

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| **Revenue** | | | | | |
| Reportable segment revenue | 2,946,521 | 2,966,580 | 4,495,174 | 2,230,318 | 2,201,345 |
| Elimination of intra-group revenue | (14,247) | (26,980) | (40,564) | (17,789) | (11,778) |
| Consolidated revenue | 2,932,274 | 2,939,600 | 4,454,610 | 2,212,529 | 2,189,567 |
| **Profit** | | | | | |
| Reportable segment profit | 471,153 | 316,913 | 623,714 | 327,724 | 100,537 |
| Elimination of intra-group profit | (2,976) | (432,728) | (13,591) | (6,851) | (4,776) |
| Unallocated head office and corporate (expenses)/income | (197,930) | 176,593 | (225,829) | (298,364) | (21,691) |
| Consolidated profit | 270,247 | 60,778 | 384,294 | 22,509 | 74,070 |

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Loans and borrowings** | | | | |
| Reportable segment loans and borrowings | 4,168,790 | 4,641,389 | 6,792,153 | 8,916,967 |
| Elimination of intra-group loans and borrowings | — | (11,623) | — | — |
| Unallocated head office and corporate loans and borrowings | 1,548,120 | 2,634,765 | 3,402,299 | 4,124,246 |
| Consolidated loans and borrowings | 5,716,910 | 7,264,531 | 10,194,452 | 13,041,213 |
| **Assets** | | | | |
| Reportable segment assets | 18,029,606 | 21,214,104 | 24,801,617 | 30,746,977 |
| Elimination of intra-group balances | (7,349,535) | (8,281,223) | (9,643,086) | (9,265,259) |
| Unallocated head office and corporate assets | 5,180,809 | 6,766,414 | 7,351,421 | 7,020,848 |
| Consolidated total assets | 15,860,880 | 19,699,295 | 22,509,952 | 28,502,566 |
| **Liabilities** | | | | |
| Reportable segment liabilities | 13,976,301 | 16,733,996 | 19,031,662 | 24,701,136 |
| Elimination of intra-group balances | (4,946,854) | (5,484,105) | (6,815,276) | (9,228,807) |
| Unallocated head office and corporate liabilities | 5,464,102 | 7,005,090 | 8,453,405 | 10,757,087 |
| Consolidated total liabilities | 14,493,549 | 18,254,981 | 20,669,791 | 26,229,416 |

**(c) Geographical information**

All of the Group's operations are located in the PRC, therefore no geographical segment reporting is presented.

## 11 PROPERTY AND EQUIPMENT — THE GROUP

| | Construction in progress | Hotel properties | Office premises | Motor vehicles | Office equipment | Total |
|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Cost:** | | | | | | |
| At January 1, 2010 | 71,175 | 21,566 | 62,713 | 31,653 | 39,647 | 226,754 |
| Additions | 256,638 | — | — | 8,444 | 8,131 | 273,213 |
| Transfer from properties under development and completed properties held for sale | — | — | 16,940 | — | — | 16,940 |
| Acquisition of a subsidiary (Note 30(a)) | — | — | — | 567 | 70 | 637 |
| Disposals | — | — | — | (2,603) | (3,555) | (6,158) |
| At December 31, 2010 | 327,813 | 21,566 | 79,653 | 38,061 | 44,293 | 511,386 |
| At January 1, 2011 | 327,813 | 21,566 | 79,653 | 38,061 | 44,293 | 511,386 |
| Additions | 64,969 | — | 11,731 | 1,587 | 11,163 | 89,450 |
| Transfer from construction in progress to hotel properties | (392,782) | 392,782 | — | — | — | — |
| Acquisition of a subsidiary (Note 30(a)) | — | — | — | 247 | 71 | 318 |
| Transfer to investment properties | — | (58,837) | — | — | — | (58,837) |
| Disposals | — | — | — | (5,693) | (7,653) | (13,346) |
| At December 31, 2011 | — | 355,511 | 91,384 | 34,202 | 47,874 | 528,971 |
| At January 1, 2012 | — | 355,511 | 91,384 | 34,202 | 47,874 | 528,971 |
| Additions | — | 22,555 | 3,961 | 2,982 | 4,892 | 34,390 |
| Disposals | — | — | — | (2,730) | (2,227) | (4,957) |
| At December 31, 2012 | — | 378,066 | 95,345 | 34,454 | 50,539 | 558,404 |
| At January 1, 2013 | — | 378,066 | 95,345 | 34,454 | 50,539 | 558,404 |
| Additions | 4,640 | 422 | 2,293 | 1,400 | 4,533 | 13,288 |
| Transfer from properties under development and completed properties held for sale | 10,016 | — | — | — | — | 10,016 |
| Acquisition of a subsidiary (Note 30(a)) | — | 240,651 | 53,578 | 1,497 | 4,169 | 299,895 |
| Disposals | — | — | (1,380) | (814) | (1,959) | (4,153) |
| At September 30, 2013 | 14,656 | 619,139 | 149,836 | 36,537 | 57,282 | 877,450 |
| **Accumulated depreciation:** | | | | | | |
| At January 1, 2010 | — | 4,156 | 18,025 | 13,352 | 18,367 | 53,900 |
| Charge for the year | — | 1,059 | 2,655 | 4,323 | 6,820 | 14,857 |
| Written back on disposals | — | — | — | (1,739) | (3,073) | (4,812) |
| At December 31, 2010 | — | 5,215 | 20,680 | 15,936 | 22,114 | 63,945 |
| At January 1, 2011 | — | 5,215 | 20,680 | 15,936 | 22,114 | 63,945 |
| Charge for the year | — | 5,837 | 4,311 | 4,428 | 7,127 | 21,703 |
| Transfer to investment properties | — | (6,605) | — | — | — | (6,605) |
| Written back on disposals | — | — | — | (3,230) | (4,453) | (7,683) |
| At December 31, 2011 | — | 4,447 | 24,991 | 17,134 | 24,788 | 71,360 |
| At January 1, 2012 | — | 4,447 | 24,991 | 17,134 | 24,788 | 71,360 |
| Charge for the year | — | 13,977 | 2,175 | 4,114 | 7,906 | 28,172 |
| Written back on disposals | — | — | — | (1,919) | (1,520) | (3,439) |
| At December 31, 2012 | — | 18,424 | 27,166 | 19,329 | 31,174 | 96,093 |

| | Construction in progress | Hotel properties | Office premises | Motor vehicles | Office equipment | Total |
|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2013 | — | 18,424 | 27,166 | 19,329 | 31,174 | 96,093 |
| Charge for the period | — | 14,668 | 3,754 | 2,648 | 6,064 | 27,134 |
| Written back on disposals | — | — | (165) | (599) | (1,619) | (2,383) |
| At September 30, 2013 | — | 33,092 | 30,755 | 21,378 | 35,619 | 120,844 |
| **Net book value:** | | | | | | |
| At December 31, 2010 | 327,813 | 16,351 | 58,973 | 22,125 | 22,179 | 447,441 |
| At December 31, 2011 | — | 351,064 | 66,393 | 17,068 | 23,086 | 457,611 |
| At December 31, 2012 | — | 359,642 | 68,179 | 15,125 | 19,365 | 462,311 |
| At September 30, 2013 | 14,656 | 586,047 | 119,081 | 15,159 | 21,663 | 756,606 |

**(a) The analysis of net book value of properties**

The net book values of hotel properties, office premises and construction in progress, in aggregate of RMB403,137,000, RMB417,457,000, RMB427,821,000 and RMB719,784,000, as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively, were under medium-term leases in the PRC.

**(b)** Certain portion of the Group's construction in progress and hotel properties were pledged against the loans and borrowings, details are set out on Note 22(g).

**(c)** As at December 31, 2010, 2011 and 2012, and September 30, 2013, the Group had not obtained ownership certificates for certain office premises and hotel properties with aggregate carrying value of RMB25,717,000, RMB390,921,000, RMB39,237,000 and RMB83,586,000, respectively. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

## 12 INVESTMENT PROPERTIES — THE GROUP

| | Properties under construction | Completed properties | Total |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2010 | 483,400 | 1,789,396 | 2,272,796 |
| Additions | 132,616 | — | 132,616 |
| Transfer to completed properties | (266,993) | 266,993 | — |
| Valuation gains on investment properties for the year | 105,777 | 267,553 | 373,330 |
| At December 31, 2010 | 454,800 | 2,323,942 | 2,778,742 |
| At January 1, 2011 | 454,800 | 2,323,942 | 2,778,742 |
| Additions | 101,733 | — | 101,733 |
| Transfer from property and equipment | — | 52,232 | 52,232 |
| Transfer to completed properties | (183,151) | 183,151 | — |
| Valuation gains on investment properties for the year | 43,418 | 198,981 | 242,399 |
| Valuation surplus on investment properties transferred from property and equipment recognized in property valuation reserve for the year | — | 13,153 | 13,153 |
| At December 31, 2011 | 416,800 | 2,771,459 | 3,188,259 |
| At January 1, 2012 | 416,800 | 2,771,459 | 3,188,259 |
| Additions | 141,180 | — | 141,180 |
| Transfer to completed properties | (272,062) | 272,062 | — |
| Valuation gains on investment properties for the year | 24,898 | 114,431 | 139,329 |
| At December 31, 2012 | 310,816 | 3,157,952 | 3,468,768 |
| At January 1, 2013 | 310,816 | 3,157,952 | 3,468,768 |
| Additions | 35,163 | 16,560 | 51,723 |
| Acquisition of a subsidiary (Note 30(a)) | — | 531,320 | 531,320 |
| Transfer to completed properties | (290,918) | 290,918 | — |
| Valuation gains on investment properties for the period | 28,243 | 93,030 | 121,273 |
| At September 30, 2013 | 83,304 | 4,089,780 | 4,173,084 |

### (a) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at each balance sheet date on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

| | Fair value at December 31, 2010 | Fair value measurements as at December 31, 2010 categorized into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Recurring fair value measurement** | | | | |
| Investment properties: | | | | |
| — Commercial-Mainland China . . . . . . | 2,778,742 | — | — | 2,778,742 |

| | Fair value at December 31, 2011 | Fair value measurements as at December 31, 2011 categorized into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Recurring fair value measurement** | | | | |
| Investment properties: | | | | |
| — Commercial-Mainland China . . . . . . | 3,188,259 | — | — | 3,188,259 |

| | Fair value at December 31, 2012 | Fair value measurements as at December 31, 2012 categorized into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Recurring fair value measurement** | | | | |
| Investment properties: | | | | |
| — Commercial-Mainland China . . . . . . | 3,468,768 | — | — | 3,468,768 |

| | Fair value at September 30, 2013 | Fair value measurements as at September 30, 2013 categorized into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Recurring fair value measurement** | | | | |
| Investment properties: | | | | |
| — Commercial-Mainland China . . . . . . | 4,173,084 | — | — | 4,173,084 |

During the Relevant Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's completed investment properties and investment properties under construction were revalued as at December 31, 2010, 2011 and 2012, and September 30, 2013. The valuations were carried out by CB Richard Ellis Ltd. ("CBRE"), a firm of independent qualified valuers in Hong Kong with recent experience in the location and category of properties being valued. The Group's finance manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

| | Year ended December 31, 2010 | | | |
|---|---|---|---|---|
| | Valuation techniques | Significant unobservable inputs | Range | Weighted average |
| Completed investment properties . . . . . | Direct comparison approach, and | Market unit sale price (RMB/sq.m.) | 7,000-42,857 | 26,029 |
| | Income capitalization approach | Capitalization rate | 2.33%-14.18% | 4.16% |
| | | Market monthly rent rate (RMB/sq.m.) | 40-426 | 172 |
| Investment properties under construction . . . | Direct comparison approach | Market unit sale price (RMB/sq.m.) | 7,000-22,838 | 12,430 |

| | Year ended December 31, 2011 | | | |
|---|---|---|---|---|
| | Valuation techniques | Significant unobservable inputs | Range | Weighted average |
| Completed investment properties . . . . . | Direct comparison approach, and | Market unit sale price (RMB/sq.m.) | 10,905-50,000 | 26,530 |
| | Income capitalization approach | Capitalization rate | 2.33%-14.18% | 4.86% |
| | | Market monthly rent rate (RMB/sq.m.) | 34-426 | 127 |
| Investment properties under construction . . . | Direct comparison approach | Market unit sale price (RMB/sq.m.) | 15,000-33,333 | 17,846 |

| | Year ended December 31, 2012 | | | |
|---|---|---|---|---|
| | Valuation techniques | Significant unobservable inputs | Range | Weighted average |
| Completed investment properties . . . . . | Direct comparison approach, and | Market unit sale price (RMB/sq.m.) | 8,100-63,830 | 26,136 |
| | Income capitalization approach | Capitalization rate | 2.33%-14.18% | 5.28% |
| | | Market monthly rent rate (RMB/sq.m.) | 33-430 | 105 |
| Investment properties under construction . . . | Direct comparison approach | Market unit sale price (RMB/sq.m.) | 8,100-35,211 | 19,374 |

| | Nine months ended September 30, 2013 | | | |
|---|---|---|---|---|
| | Valuation techniques | Significant unobservable inputs | Range | Weighted average |
| Completed investment properties . . . . . | Direct comparison approach, and | Market unit sale price (RMB/sq.m.) | 8,500-63,830 | 26,667 |
| | Income capitalization approach | Capitalization rate | 2.33%-14.18% | 5.05% |
| | | Market monthly rent rate (RMB/sq.m.) | 15-430 | 124 |
| Investment properties under construction . . . | Direct comparison approach | Market unit sale price (RMB/sq.m.) | 8,100-15,000 | 10,818 |

The fair values of completed investment properties is determined using an open market value basis with reference to comparable sales transactions as identified in the relevant markets, and where, appropriate, taking into account the fair market valuations using the income capitalization approach. The fair value measurement is positively correlated to the market monthly rent rate, market unit sale price, and negatively correlated to the capitalization rate.

The investment properties under construction have been valued on the basis that the properties will be constructed and completed in accordance with the relevant development plans. The valuation were performed by CBRE by using the direct comparison approach which is commonly used in valuating development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deductions on construction costs, professional fees and interest payments to be incurred as at the valuation date as well as developer's profits. The fair value measurement is positively correlated to the market unit sale price.

The gain/(loss) on disposal of investment properties and changes in fair value of investment properties are presented in "other income" and "valuation gains on investment properties" in the consolidated statements of comprehensive income, respectively.

**(b)** The investment properties were under medium-term leases in the PRC.

**(c)** Certain investment properties of the Group were pledged against the loans and borrowings, details are set out in Note 22(g).

**(d)** As at December 31, 2010, 2011 and 2012, investment properties with carrying value of RMB146,131,000, RMB155,104,000 and RMB158,131,000, respectively, were restricted for sale in accordance to an agreement entered into with the related local government to secure unpaid land costs of RMB121,832,000, RMB59,832,000 and RMB59,832,000, respectively. Those properties cannot be sold until the land costs are settled. As at September 30, 2013, the Group had settled all land costs and the restriction had been released.

**(e)** As at December 31, 2010, 2011 and 2012, and September 30, 2013, the Group had not obtained ownership certificates for certain completed investment properties with aggregate carrying value of RMB432,560,000, RMB556,971,000, RMB784,108,000 and RMB1,124,954,000, respectively. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

**(f)** Completed investment properties with carrying value of RMB73,449,000, RMB76,255,000, RMB77,303,000 and RMB78,955,000 of the Group, as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively, were pledged with bank to secure banking facilities of a related party, details are set out in Note 29(d).

Completed investment properties with carrying value of RMB58,113,000, RMB60,029,000, RMB60,263,000 and RMB61,784,000 of the Group, as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively, were pledged with banks to secure banking facilities of Guangxi Wanyi Property Management Co., Ltd., a third party of the Group. The pledge period ranged usually 3 years.

## 13 INVESTMENTS IN SUBSIDIARIES-THE COMPANY

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Unlisted shares, at cost | 55,276 | 55,276 | 55,276 | 55,276 |

As at September 30, 2013, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies and the Company has the power to govern, particulars of which are set out below:

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Attributable equity interest Indirect | Principal activities |
|---|---|---|---|---|---|
| 1 Sunmode<br>新進有限公司 | the BVI<br>January 18, 2007 | USD50,000 | 100% | — | Investment holding |
| 2 Guangxi Vantone Real Estate Co., Ltd. ("Guangxi Vantone")<br>廣西萬通房地產有限公司** | Guangxi Zhuang Autonomous Region, the PRC<br>March 2, 1994 | RMB192,525,900 | — | 100% | Property development |
| 3 Sunshine 100 Real Estate Group Co., Ltd. ("Sunshine 100 Group")<br>陽光壹佰置業集團有限公司* | Beijing, the PRC<br>April 19, 2001 | RMB80,000,000 | — | 100% | Investment holding |
| 4 Beijing Century<br>北京世紀程景投資有限公司* | Beijing, the PRC<br>February 19, 2008 | RMB10,000,000 | — | 100% | Investment holding |
| 5 Beijing Asset Operation<br>北京陽光壹佰資產經營有限公司* | Beijing, the PRC<br>July 25, 2008 | RMB10,000,000 | — | 100% | Investment holding |
| 6 Beijing Sunshine 100 Property Services Co., Ltd. ("Beijing Sunshine 100 Property Services")<br>北京陽光壹佰物業服務有限公司* | Beijing, the PRC<br>June 24, 2003 | RMB3,000,000 | — | 100% | Property management |
| 7 Beijing Sunshine Star International Management Consulting Co., Ltd. ("Beijing Sunshine Star")<br>北京陽光之星國際管理諮詢有限公司* | Beijing, the PRC<br>December 12, 2005 | RMB1,000,000 | — | 100% | Investment holding |
| 8 Beijing Yibang Real Estate Development Co., Ltd. ("Beijing Yibang")<br>北京益邦房地產開發有限公司* | Beijing, the PRC<br>January 23, 2002 | RMB50,000,000 | — | 100% | Dormant |
| 9 Chongqing Sunshine 100 Property Services Co., Ltd. ("Chongqing Sunshine 100 Property Services")<br>重慶陽光壹佰物業服務有限公司* | Chongqing, the PRC<br>March 25, 2004 | RMB6,000,000 | — | 100% | Property management |

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| 10 Chongqing Yuneng 100 Real Estate Development Co., Ltd. ("Chongqing Yuneng 100") 重慶渝能壹佰房地產開發有限公司* | Chongqing, the PRC January 28, 2000 | RMB100,000,000 | — | 100% | Property development Notes (ii), (vi), (ix) |
| 11 Luen Thai (Qing Yuan) Real Estate Co., Ltd. ("Luen Thai (Qing Yuan)") 聯泰(清遠)房地產有限公司* | Guangdong Province, the PRC January 15, 2004 | HKD53,500,000 | — | 55% | Property development |
| 12 Gold Leader (Qing Yuan) Properties Limited ("Gold Leader (Qing Yuan)") 金倫(清遠)置業有限公司* | Guangdong Province, the PRC September 23, 2008 | HKD25,200,000/ HKD168,000,000 | — | 55% | Property development |
| 13 Qing Yuan Delun Properties Limited ("Qing Yuan Delun") 清遠德倫置業有限公司* | Guangdong Province, the PRC September 23, 2008 | HKD23,999,950/ HKD160,000,000 | — | 55% | Property development |
| 14 Qing Yuan Liantou Properties Limited ("Qing Yuan Liantou Properties") 清遠聯投置業有限公司* | Guangdong Province, the PRC September 23, 2008 | HKD135,999,950 | — | 55% | Property development |
| 15 Qingyuan Weitai Properties Ltd. ("Qingyuan Weitai") 清遠威泰置業有限公司* | Guangdong Province, the PRC September 23, 2008 | HKD19,199,950/ HKD128,000,000 | — | 55% | Property development |
| 16 Rich Hope (QY) Properties Ltd. ("Rich Hope (QY)") 威康(清遠)置業有限公司* | Guangdong Province, the PRC September 23, 2008 | HKD33,050,000/ HKD227,000,000 | — | 55% | Property development |
| 17 Guangxi Sunshine 100 廣西陽光壹佰資產管理有限公司* | Guangxi Zhuang Autonomous Region, the PRC January 25, 2011 | RMB2,000,000 | — | 100% | Investment holding |
| 18 Guilin Pingle Sunshine 100 Real Estate Co., Ltd. ("Guilin Pingle Sunshine 100") 桂林平樂陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC May 5, 2010 | RMB10,000,000/ RMB50,000,000 | — | 75% | Property and land development |
| 19 Guilin Pingle Sunshine 100 Nonglinye Co., Ltd. ("Guilin Nonglinye") 桂林平樂陽光壹佰農林業有限公司* | Guangxi Zhuang Autonomous Region, the PRC July 18, 2011 | RMB4,500,000 | — | 100% | Landscaping service |
| 20 Guangxi Lijin Hotel Management Co., Ltd. ("Guangxi Lijin") 廣西儷錦酒店投資管理有限公司* | Guangxi Zhuang Autonomous Region, the PRC December 1, 2011 | RMB50,000,000 | — | 75% | Hotel management |

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Attributable equity interest Indirect | Principal activities |
|---|---|---|---|---|---|
| 21 Liuzhou Hedingshun Commercial Investment Co., Ltd. ("Liuzhou Hedingshun") 柳州和鼎順商業投資有限公司* | Guangxi Zhuang Autonomous Region, the PRC December 10, 2012 | RMB5,000,000 | — | 75% | Property investment |
| 22 Liuzhou Lisheng Hotel Management Co., Ltd. ("Liuzhou Lisheng") 柳州麗笙酒店管理有限公司* | Guangxi Zhuang Autonomous Region, the PRC August 19, 2011 | RMB2,000,000 | — | 75% | Hotel management |
| 23 Liuzhou Sunshine 100 Real Estate Co., Ltd. ("Liuzhou Sunshine 100") 柳州陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC July 7, 2006 | RMB50,000,000 | — | 75% | Property development Note (xi) |
| 24 Liuzhou Yuandingchang Commercial Investment Co., Ltd. ("Liuzhou Yuandingchang") 柳州元鼎昌商業投資有限公司* | Guangxi Zhuang Autonomous Region, the PRC December 10, 2012 | RMB1,500,000/ RMB500,000 | — | 75% | Property investment |
| 25 Nanning Sunshine 100 Real Estate Co., Ltd. ("Nanning Sunshine 100") 南寧陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC March 23, 2006 | RMB50,000,000 | — | 51% | Investment holding |
| 26 Nanning Zhuangye Real Estate Development Co., Ltd. ("Nanning Zhuangye") 南寧壯業房地產開發有限責任公司* | Guangxi Zhuang Autonomous Region, the PRC May 11, 2006 | RMB20,000,000 | — | 26% | Property development Notes (iii), (xi) |
| 27 Hubei Sunshine 100 Real Estate Development Co., Ltd. ("Hubei Sunshine 100") 湖北陽光一百房地產開發有限公司* | Hubei Province, the PRC April 21, 2009 | RMB351,500,000 | — | 100% | Property development Notes (v), (ix) |
| 28 Wuhan Sunshine 100 Real Estate Co., Ltd. ("Wuhan Sunshine 100") 武漢陽光壹佰置業有限公司* | Hubei Province, the PRC January 31, 2005 | RMB50,000,000 | — | 100% | Property development Note (ii) |
| 29 Hunan Hui Jin 湖南匯金裝飾設計工程有限公司* | Hunan Province, the PRC May 2, 2012 | RMB3,000,000 | — | 100% | Decoration and design project |
| 30 Hunan Sunshine 100 Property Services Co., Ltd. ("Hunan Sunshine 100 Property Services") 湖南陽光壹佰物業服務有限責任公司* | Hunan Province, the PRC May 31, 2004 | RMB5,000,000 | — | 100% | Property management |

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| 31 Sunshine 100 Real Estate (Hunan) Development Co., Ltd. ("Hunan Sunshine 100") 陽光壹佰(湖南)置業發展有限責任公司* | Hunan Province, the PRC April 23, 2003 | RMB105,880,000 | — | 100% | Property development Notes (ii), (ix) |
| 32 Wuxi Liaohongtian 無錫遼紅天建築裝飾工程有限公司* | Jiangsu Province, the PRC July 20, 2010 | RMB10,000,000 | — | 100% | Construction and decoration project |
| 33 Wuxi Suyuan Real Estate Co., Ltd. ("Wuxi Suyuan") 無錫蘇源置業有限公司* | Jiangsu Province, the PRC February 28, 2003 | RMB100,000,000 | — | 100% | Property development Note (ix) |
| 34 Wuxi Nong Lin 無錫萬怡農林有限公司* | Jiangsu Province, the PRC July 31, 2009 | RMB3,000,000 | — | 100% | Landscaping service |
| 35 Liaoning Yingda Weihua Real Estate Development Co., Ltd. ("Yingda Weihua") 遼寧鷹達衛華房地產開發有限公司* | Liaoning Province, the PRC September 15, 2006 | RMB150,000,000 | — | 51% | Property development Note (ix) |
| 36 Shenyang Sunshine 100 Assets Operation Co., Ltd. ("Shenyang Assets Operation") 瀋陽陽光壹佰資產經營有限公司* | Liaoning Province, the PRC March 5, 2012 | RMB1,000,000 | — | 100% | Property management |
| 37 Sunshine 100 Real Estate (Liaoning) Co., Ltd. ("Liaoning Sunshine 100") 陽光一百置業（遼寧）有限公司* | Liaoning Province, the PRC June 25, 2004 | USD49,000,000 | — | 100% | Property development Note (iv) |
| 38 Dongying Shengxing Real Estate Co., Ltd. ("Dongying Shengxing") 東營勝興置業有限公司* | Shandong Province, the PRC July 1, 2005 | RMB80,000,000 | — | 100% | Property development Note (ii) |
| 39 Dongying Wanyi Commerce and Trade Co., Ltd. ("Dongying Wanyi") 東營萬怡商貿有限責任公司* | Shandong Province, the PRC March 24, 2009 | RMB20,000,000 | — | 100% | Retail |
| 40 Weifang Sunshine 100 Real Estate Co., Ltd. ("Weifang Sunshine 100") 濰坊陽光壹佰置業有限公司* | Shandong Province, The PRC April 23, 2010 | RMB200,000,000 | — | 100% | Property and land development Notes (viii), (ix) |
| 41 Yantai Yindu Real Estate Co., Ltd. ("Yantai Yindu") 煙臺銀都置業有限公司* | Shandong Province, the PRC May 26, 2004 | RMB15,000,000 | — | 100% | Property development |

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| 42 Yantai Sunshine 100 Commercial Development Co., Ltd. ("Yantai Commercial Development") 煙臺陽光壹佰商業發展有限公司* | Shandong Province, the PRC December 31, 2008 | RMB5,000,000 | — | 100% | Property investment |
| 43 Yantai Sunshine 100 Property Management Services Co., Ltd. ("Yantai Sunshine 100 Property Management") 煙臺陽光壹佰物業管理服務有限公司* | Shandong Province, the PRC October 30, 2007 | RMB5,000,000 | — | 100% | Property management |
| 44 Yantai Sunshine 100 Real Estate Development Co., Ltd. ("Yantai Sunshine 100") 煙台陽光壹佰房地產開發有限公司* | Shandong Province, the PRC June 13, 2005 | RMB50,000,000 | — | 100% | Property development Notes (vii), (ix) |
| 45 Yantai Sunshine Star Shopping Center Management Co., Ltd. ("Yantai Sunshine Star Shopping") 煙台陽光之星購物中心管理有限公司* | Shandong Province, the PRC July 23, 2008 | RMB10,000,000 | — | 100% | Dormant |
| 46 Chengdu Xin Sheng Yuan Real Estate Development Co., Ltd. ("Chengdu Xin Sheng Yuan") 成都鑫勝源房地產開發有限公司* | Sichuan Province, the PRC April 20, 2007 | RMB20,000,000 | — | 100% | Property development |
| 47 Sunshine 100 Real Estate (Chengdu) Co., Ltd. ("Chengdu Sunshine 100") 陽光壹佰置業(成都)有限公司* | Sichuan Province, the PRC July 13, 2005 | RMB200,000,000 | — | 100% | Property and land development Note (ix) |
| 48 Tianjin Lande 天津蘭德壹佰房地產投資有限公司* | Tianjin, the PRC March 19, 2008 | RMB20,000,000/ RMB100,000,000 | — | 51% | Investment holding |
| 49 Tianjin Mart Time Commercial Investment Management Co., Ltd. ("Tianjin Mart Time") 天津瑪特時光商業投資管理有限公司* | Tianjin, the PRC May 18, 2012 | RMB10,000,000 | — | 86% | Property investment |
| 50 Tianjin Meidinghui Commercial Investment Management Co., Ltd. ("Tianjin Meidinghui") 天津美鼎惠商業投資管理有限公司* | Tianjin, the PRC May 18, 2012 | RMB12,000,000 | — | 86% | Property investment |
| 51 Tianjin Sentai 100 Real Estate Investment Co., Ltd. ("Tianjin Sentai 100") 天津森泰壹佰置業投資有限公司* | Tianjin, the PRC May 10, 2010 | RMB70,000,000/ RMB100,000,000 | — | 52% | Property development |

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Attributable equity interest Indirect | Principal activities |
|---|---|---|---|---|---|
| 52 Tianjin Sunshine 100 Property Services Co., Ltd. ("Tianjin Sunshine 100 Property Services") 天津陽光壹佰物業服務有限公司* | Tianjin, the PRC June 19, 2003 | RMB6,000,000 | — | 100% | Property management |
| 53 Tianjin Sunshine 100 Real Estate Development Co., Ltd. ("Tianjin Sunshine 100") 天津陽光壹佰房地產開發有限公司* | Tianjin, the PRC June 14, 2002 | RMB78,000,000 | — | 86% | Property development |
| 54 Tianjin Real Estate Operation 天津萬怡房地產經營有限公司* | Tianjin, the PRC July 8, 2004 | RMB500,000 | — | 100% | Agency service for property sales |
| 55 Hangzhou Hengxin 100 Industrial Co., Ltd. ("Hangzhou Hengxin 100") 杭州恒信壹佰實業有限公司* | Zhejiang Province, the PRC November 7, 2007 | RMB170,000,000 | — | 100% | Investment holding |
| 56 Chang Jia International Limited ("Chang Jia") 長佳國際有限公司 | the BVI May 5, 2011 | USD1 | — | 55% | Investment holding Note (xi) |
| 57 Eminent Star 卓星集團有限公司 | the BVI April 11, 2011 | USD1 | — | 55% | Investment holding |
| 58 Lofty Talent 崴駿有限公司 | the BVI April 18, 2011 | USD1 | — | 55% | Investment holding |
| 59 Keyasia 基亞投資有限公司 | the BVI July 8, 2008 | USD100 | — | 100% | Investment holding |
| 60 East Talent Properties Limited ("East Talent") 東泰置業有限公司 | Hong Kong, Special Administrative Region ("SAR") December 14, 2007 | HKD10,000 | — | 55% | Investment holding |
| 61 Gold Leader Properties Limited ("Gold Leader") 金倫置業有限公司 | Hong Kong, SAR December 14, 2007 | HKD10,000 | — | 55% | Investment holding |
| 62 Rich Hope Properties Limited ("Rich Hope") 威康置業有限公司 | Hong Kong, SAR December 14, 2007 | HKD10,000 | — | 55% | Investment holding |
| 63 Top Leader Properties Limited ("Top Leader") 德龍置業有限公司 | Hong Kong, SAR December 14, 2007 | HKD10,000 | — | 55% | Investment holding |
| 64 Victory Land Properties Limited ("Victory Land") 凱龍置業有限公司 | Hong Kong, SAR November 1, 2007 | HKD1/ HKD10,000 | — | 55% | Investment holding |

| Name of company (Note (i)) | Place and date of incorporation/ establishment | Issued and paid-in capital/ registered capital | Attributable equity interest Direct | Attributable equity interest Indirect | Principal activities |
|---|---|---|---|---|---|
| 65 Victory Link Properties Limited ("Victory Link") 偉隆置業有限公司 | Hong Kong, SAR December 14, 2007 | HKD10,000 | — | 55% | Investment holding |
| 66 Jinan Sunshine 100 Real Estate Development Co., Ltd. ("Jinan Sunshine 100") 濟南陽光壹佰房地產開發有限公司* | Shandong Province the PRC September 20, 2011 | RMB20,000,000 | — | 49% | Property development Notes (x), (xi) |
| 67 Chengdu Sheng Teng Xiang Construction and decoration Co., Ltd. 成都盛騰翔建築裝飾有限公司* | Sichuan Province the PRC July 26, 2013 | RMB2,000,000 | — | 100% | Decoration and design |
| 68 Jinan Wanyi Properties Management Co., Ltd. 濟南萬怡物業服務有限公司* | Shandong Province the PRC November 14, 2002 | RMB6,000,000 | — | 100% | Properties management |
| 69 Guilin Pingle Sunshine 100 Travel Co., Ltd. 桂林平樂陽光壹佰旅遊有限公司* | Guangxi Zhuang Autonomous Region, the PRC July 18, 2013 | RMB30,000,000 | — | 100% | Tourism |

* The company is registered as a limited liability company in the PRC.
** The company is registered as a sino-foreign equity joint venture enterprise in the PRC.

Notes:

(i) Except for the subsidiaries incorporated in the BVI and Hong Kong, the English translation of the names is for reference only and the official names of these entities are in Chinese.

(ii) The Group entered into share transfer agreements with part or all of the third party equity shareholders of those entities to acquire part or all of equity interests held by those equity shareholders. The considerations were fixed when entering into share transfer agreements. In accordance with the share transfer agreements, those equity shareholders no longer own the right to share the profit or loss of those entities from the effective dates of the share transfer agreements despite legal procedures for transfer were yet to be completed. From the effective dates of the share transfer agreements, the equity interests acquired from those equity shareholders have been treated as the Group's equity interests.

(iii) Nanning Zhuangye was 51% owned by Nanning Sunshine 100, which was 51% owned by the Group, during the Relevant Period. Accordingly, the Group controlled Nanning Zhuangye through controlling Nanning Sunshine 100 although the Group only owned 26% equity interest in Nanning Zhuangye indirectly during the Relevant Period.

(iv) The Company was established by Joywise, which is ultimately held by 8 individuals namely Mr. Yi Xiaodi (50%), Mr. Fan Xiaochong (15%), Ms. Fan Xiaohua (10%), Mr. Jin Xiangfei (8.5%), Mr. Liao Chimei (6%), Mr. Tian Feng (4.5%), Mr. Li Mingqiang (3%) and Ms. Liu Chaohui (3%) (collectively referred to as the "8 individuals"). The 8 individuals, Sunshine 100 Group and Riverside Investment

Limited ("Riverside"), a Warburg Pincus affiliate, entered into an investment agreement (the "Original Investment Agreement") and an equity transfer agreement (the "Equity Transfer Agreement") on December 19, 2006. The 8 individuals, Sunshine 100 Group and Riverside further entered into four supplementary agreements during the years ended December 31, 2007 and 2008 (hereinafter collectively referred to as the "Original Liaoning Sunshine 100 Investment Agreements"). Based on the Original Liaoning Sunshine 100 Investment Agreements and the Equity Transfer Agreement, Riverside acquired 75% shareholding in Liaoning Sunshine 100 from Sunshine 100 Group which was convertible into convertible preference shares of the Company and certain warrants on the Company's shares, together with a put option to put back the 75% shareholding in Liaoning Sunshine 100 granted to Sunshine 100 Group. Moreover, there was a call option on the Riverside's 75% shareholding in Liaoning Sunshine 100 granted to Sunshine 100 Group. The Original Liaoning Sunshine 100 Investment Agreements were subsequent modified by a revised investment agreement and other execution agreements entered into by the 8 individuals, the Company, Sunshine 100 Group, Riverside and other indirectly related companies (collectively referred to as the "Riverside Group") on December 31, 2010 (hereinafter collectively referred to as the "Revised Liaoning Sunshine 100 Investment Agreements"). A further revised investment agreement and other execution agreements (hereinafter collectively referred to as the "Further Revised Liaoning Sunshine 100 Investment Agreements") to modify the Revised Liaoning Sunshine 100 Investment Agreements were agreed in October 2012, which was subsequently entered into on January 16, 2013, by the 8 individuals, the Company, Sunshine 100 Group, Riverside Group. The 75% equity interests of Liaoning Sunshine 100 will be transferred to the Group in tranches upon progressive settlements of loans from Riverside Group pursuant to the Further Revised Liaoning Sunshine 100 Investment Agreements. The third revised investment agreement (collectively referred to as the "Third Revised Liaoning Sunshine 100 Investment Agreements") to modify the Further Revised Liaoning Sunshine 100 Investment Agreements were agreed in June 2013, which was subsequently entered into on July 11, 2013, by the 8 individuals, the Company, Sunshine 100 Group, Riverside Group.

The details of Original Liaoning Sunshine 100 Investment Agreements, Revised Liaoning Sunshine 100 Investment Agreements, Further Revised Liaoning Sunshine 100 Investment Agreements and Third Revised Liaoning Sunshine 100 Investment Agreements were disclosed in Note 22(a).

Based on the facts and circumstances above, the whole arrangement is in substance from business perspective a secured financing from Riverside Group and the 75% shareholding in Liaoning Sunshine 100 is in substance from business perspective a security for such financing. The Group maintained control over Liaoning Sunshine 100 and treated it as a wholly owned subsidiary of the Group during the Relevant Period.

(v) In April 2011, Sunshine 100 Group, Chengdu Sunshine 100 and Hubei Sunshine 100 entered into a cooperation development agreement, an equity transfer agreement, a capital injection agreement and an equity repurchase agreement with Sichuan Trust Co., Ltd. ("Sichuan Trust") (collectively referred to as the "Sichuan Trust Agreements on Hubei Project"). Based on the Sichuan Trust Agreements on Hubei Project, Sichuan Trust acquired 18% shareholding of Hubei Sunshine 100 from Chengdu Sunshine 100 at a consideration of RMB40,000,000, and subsequently injected paid-in capital and capital reserve of RMB132,000,000 and RMB112,600,000, respectively in April 2011. After the capital injection, Sunshine 100 Group and Sichuan Trust held 51% and 49% shareholding in Hubei Sunshine 100, respectively. Pursuant to the Sichuan Trust Agreements on Hubei Project, Sunshine 100 Group will repurchase the 49% shareholding in Hubei Sunshine 100 from Sichuan Trust at a consideration of RMB369,620,000 in 2013. In October 2012, Sunshine 100 Group and Hubei Sunshine 100 entered into a cooperation agreement with Tianjin Nongken Hongyilian Investment Co., Ltd. ("Tianjin Nongken Hongyilian"), based on which Tianjin Nongken Hongyilian granted loans of RMB500 million bearing interest at 12% per annum and acquired 8.85% of the equity interests of Hubei Sunshine 100 from Sunshine 100 Group by way of an additional capital injection of RMB100 million. Sunshine 100 Group will repurchase the 8.85% shareholding in Hubei Sunshine 100 from Tianjin Nongken Hongyilian at RMB100 million upon the loan from Tianjin Nongken Hongyilian is repaid in 2018. As at September 30, 2013, Sunshine 100 Group, Sichuan Trust and Tianjin Nongken Hongyilian held 46.55%, 44.60% and 8.85% of the equity interests of Hubei Sunshine 100. Sichuan Trust and Tianjin Nongken Hongyilian only owned the right to obtain interest income based on a fixed rate generated from the financing provided to the Group. Accordingly, the cash consideration and capital injected were in substance a secured financing arrangement and have been recognized as financial liability in the consolidated financial statements as loan granted to the Group rather than equity interest in Hubei Sunshine 100. The Group maintained control over Hubei Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the Relevant Period.

(vi) In November 2012, Sunshine 100 Group, Liaoning Sunshine 100 and Chongqing Yuneng 100 entered into a cooperation agreement, an equity transfer agreement and a finance consulting agreement with Zhongrong International Trust Co., Ltd. ("Zhongrong International Trust") (collectively referred to as the "Chongqing Trust Agreements"). Based on the Chongqing Trust Agreements, in February 2013, Zhongrong International Trust established a trust (the "Zhongrong Trust") to provide financing of RMB400,000,000 to the Group in form of acquisition of the 72% shareholding in Chongqing Yuneng 100 from Sunshine 100 Group at a consideration of RMB400,000,000. Pursuant to the Chongqing Trust Agreements, Sunshine 100 Group would repurchase the 72% shareholding in Chongqing Yuneng 100 from Zhongrong International Trust at the maturity date of the Zhongrong Trust. Zhongrong International Trust agreed to vote in line with the decision of Sunshine 100 Group at Chongqing Yuneng 100's shareholders' meeting and the board of directors meeting, allowing Sunshine 100 Group the power to direct the relevant activities of Chongqing Yuneng 100. Based on the facts and circumstances, the whole arrangement is in substance a secured financing from Zhongrong International Trust and the 72% shareholding in Chongqing Yuneng 100 is in substance a security for such financing. Accordingly, the cash consideration of RMB400,000,000 have been recognized as financial liability in the consolidated financial statements as loan granted to the Group rather than equity interest in Chongqing Yuneng 100. The Group maintained control over Chongqing Yuneng 100 and treated it as a wholly-owned subsidiary of the Group during the Relevant Period.

(vii) In March 2013, Sunshine 100 Group, Beijing Sunshine Star and Yantai Sunshine 100 entered into an investment cooperation agreement, an equity transfer agreement and an equity repurchase agreement with Hangzhou Industrial and Commerce Trust Joint-Stock Co., Ltd. ("Hangzhou Industrial and Commerce Trust") (hereinafter collectively referred to as the "Cooperation Agreement II"). In accordance with the Cooperation Agreement II, Hangzhou Industrial and Commerce Trust established a trust (the "Trust II") to raise financing of RMB400,000,000 for the Group (the "Yantai loans from Hangzhou Industrial and Commerce Trust"), details of which were disclosed in Note 22(b).

Based on the facts and circumstances of the Cooperation Agreement II, the whole arrangement is in substance a secured financing from Hangzhou Industrial and Commerce Trust and the 30% shareholding in Yantai Sunshine 100 is in substance a security for such financing. The Group maintained control over Yantai Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the Relevant Period.

(viii) In March 2013, Sunshine 100 Group, Dongying Shengxing and Weifang Sunshine 100 entered into an investment cooperation agreement, an equity transfer agreement and an equity repurchase agreement with Hangzhou Industrial and Commerce Trust (hereinafter collectively referred to as the "Cooperation Agreement III"). In accordance with the Hangzhou Industrial and Commerce Trust Cooperation Agreement III, Hangzhou Industrial and Commerce Trust established a trust (the "Trust III") to raise financing of RMB300,000,000 for the Group. The total financing of RMB300,000,000 was comprised of a loan of RMB240,000,000 provided to the Group with a fixed interest rate and a cash consideration of RMB60,000,000 on transfer of the 30% shareholding in Weifang Sunshine 100 from the Group to Hangzhou Industrial and Commerce Trust.

Sunshine 100 Group has right to purchase back the 30% shareholding in Weifang Sunshine 100 at a fixed annual rate of return and if Sunshine 100 Group didn't exercise the right, Hangzhou Industrial and Commerce Trust would put back the 30% shareholding in Weifang Sunshine 100 to the Group. In June 2013, Sunshine 100 Group exercised the right and the consideration had not been settled as at September 30, 2013.

Based on the facts and circumstances of the Cooperation Agreement III, the whole arrangement is in substance a secured financing from Hangzhou Industrial and Commerce Trust and the 30% shareholding in Weifang Sunshine 100 is in substance a security for such financing. The Group maintained control over Weifang Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the Relevant Period.

(ix) In connections with loans received from certain trust companies, the Group pledged or transferred the Group's equity interests in these entities to certain trust companies.

Although the Group has pledged its equity interests in these entities to the trust companies or transferred the Group's equity interests in these entities to the trust companies, the Group consolidates these entities in accordance with IFRS 10 "Consolidated Financial Statements" because the Group is exposed, or has rights, to variable returns from its involvement with these entities and the Group has the ability to affect those returns through its power to direct the relevant activities of the entities as more fully described below.

- *Hunan Sunshine 100, Yingda Weihua, Wuxi Suyuan, Hubei Sunshine 100, Chongqing Yuneng 100, Yantai Sunshine 100 and Weifang Sunshine 100*

  Although the Group has pledged its equity interests in these entities to the trust companies as security, the trust companies do not have (i) any representation at the shareholders meetings (ii) any representation on the board of directors or (iii) any veto rights. Accordingly, the Group's rights, including its power to direct the activities of these entities, are not impacted by such pledges.

- *Chengdu Sunshine 100 Mia Center*

  In accordance with the loan agreement, the trust company has non-controlling representation on the board of director and the trust company's approval is required for material non-operational decisions by the board. Such approval rights are in substance protective rights to secure the repayment of the trust loans by Chengdu Sunshine 100, and the purpose of the arrangement is solely for the trust company to provide financing rather than having substantive involvement in the relevant activities of Chengdu Sunshine 100. The trust company's approval rights for material non-operational decisions, does not impact the Group's power to direct the relevant activities of Chengdu Sunshine 100 Mia Center.

- *Hubei Sunshine 100, Chongqing Yuneng 100, Yantai Sunshine 100, Yingda Weihua, Wuxi Suyuan and Weifang Sunshine 100*

  The Group has transferred its equity interests in these entities to the trust companies. In addition, the trust companies have voting rights at the shareholders meetings and the board of directors meetings and certain resolutions require approval of the trust companies. Despite these rights held by the trust companies, the Group has maintained the power to direct the relevant activities of these entities because the Group has (i) substantive potential voting rights, such as call options to buy back the equity interests held by the trust companies, or (ii) obtained a letter of commitment from the trust companies confirming that the trust companies would vote in line with the decisions of the Group.

For all the entities described above, the Group's returns from its interests in these entities vary with the entities business performance. In addition, the Group is also entitled to the residual interests in these entities. In contrast, the returns of the trust companies are fixed and pre-determined in the trust financing agreements.

(x) During the nine months ended September 30, 2013, the Group invested RMB300,000,000 to acquire 49% equity interests in Jinan Sunshine 100, a company that mainly engaged in the development of Jinan Sunshine 100 International New Town project, from Yangpu Guangsheng Guoyuan Investment Co., Ltd. and Guangxi New Vantone Real Estate Investment Co., Ltd., two related parties controlled by the 8 individuals. On August 31, 2013, Yan Kuang Donghua Group Limited ("Yan Kuang Donghua"), an entity which holds the remaining 51% equity interests of Jinan Sunshine 100, issued an irrevocable notice to the Group to state that Yan Kuang Donghua would vote in line with the decisions made by the Group in meetings of shareholders and the board of directors of Jinan Sunshine 100, and give the Group the power to direct the relevant activities of Jinan Sunshine 100 from September 1, 2013. As a result, the Group obtained control of Jinan Sunshine 100 and, in accordance with IFRS 10 "Consolidated Financial Statements", was required to consolidate the results of Jinan Sunshine 100 commencing from September 1, 2013.

(xi) The following tables list out the information relating to Liuzhou Sunshine 100, Nanning Zhuangye and Chang Jia, Jinan Sunshine 100, the subsidiaries of the Group which have material non-controlling interests (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

**Liuzhou Sunshine 100**

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| NCI percentage | 25% | 25% | 25% | 25% |
| Current assets | 1,625,539 | 1,656,209 | 726,758 | 1,001,522 |
| Non-current assets | 768,305 | 558,582 | 408,665 | 369,507 |
| Current liabilities | (1,111,438) | (1,849,413) | (596,506) | (629,123) |
| Non-current liabilities | (574,450) | (140,547) | (134,235) | (332,306) |
| Net assets | 707,956 | 224,831 | 404,682 | 409,600 |
| Carrying amount of NCI | 176,989 | 56,208 | 101,171 | 102,400 |

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Revenue | 908,042 | 704,467 | 890,202 | 188,532 | 109,585 |
| Profit for the year/period | 289,088 | 160,069 | 246,278 | 49,991 | 4,915 |
| Total comprehensive income | 289,088 | 160,069 | 246,278 | 49,991 | 4,915 |
| Profit allocated to NCI | 72,272 | 40,017 | 61,570 | 12,498 | 1,229 |
| Dividend paid to NCI | — | 141,129 | — | — | — |
| Cash flows from operating activities | (492,529) | 279,609 | 70,547 | 54,948 | (135,724) |
| Cash flows from investing activities | (345) | (311) | (231) | (194) | (45) |
| Cash flows from financing activities | 454,586 | (201,897) | (163,199) | (155,502) | (370,767) |

**Nanning Zhuangye**

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| NCI percentage | 74% | 74% | 74% | 74% |
| Current assets | 167,117 | 166,603 | 140,071 | 141,086 |
| Non-current assets | 21,468 | 22,201 | 2,420 | 50 |
| Current liabilities | (91,117) | (85,229) | (16,842) | (15,736) |
| Net assets | 97,468 | 103,575 | 125,649 | 125,400 |
| Carrying amount of NCI | 72,126 | 76,645 | 92,980 | 92,796 |

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Revenue | 156,481 | 38,200 | 133,941 | 33 | 39 |
| Profit/(loss) for the year/period | 43,622 | 6,107 | 22,073 | (3,635) | (249) |
| Total comprehensive income | 43,622 | 6,107 | 22,073 | (3,635) | (249) |
| Profit/(loss) allocated to NCI | 32,280 | 4,519 | 16,334 | (2,690) | (184) |
| Cash flows from operating activities | 43,590 | (4,058) | (1,649) | (1,615) | (1,092) |
| Cash flows from investing activities | (25) | (1) | — | — | — |
| Cash flows from financing activities | (53,000) | — | — | — | — |

**Chang Jia**

| | At December 31, | | At September 30, 2013 |
|---|---|---|---|
| | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 |
| NCI percentage | 45% | 45% | 45% |
| Current assets | 978,747 | 986,654 | 1,239,134 |
| Non-current assets | 298 | 5,622 | 13,158 |
| Current liabilities | (547,174) | (533,892) | (682,810) |
| Non-current liabilities | (104,824) | (135,588) | (254,824) |
| Net assets | 327,047 | 322,796 | 314,658 |
| Carrying amount of NCI | 147,171 | 145,258 | 141,596 |

| | Years ended December 31, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Revenue | — | — | — | — |
| Loss for the year/period | (226) | (4,251) | (6,301) | (8,138) |
| Total comprehensive income | (226) | (4,251) | (6,310) | (8,138) |
| Loss allocated to NCI | (102) | (1,913) | (2,840) | (3,662) |
| Cash flows from operating activities | (142) | (39,567) | 6,769 | 24,786 |
| Cash flows from investing activities | (162,999) | (740) | (493) | (1,065) |
| Cash flows from financing activities | 182,000 | 28,000 | 10,938 | 17,271 |

**Jinan Sunshine 100**

| | At September 30, 2013 |
|---|---|
| | RMB'000 |
| NCI percentage | 51% |
| Current assets | 2,544,043 |
| Non-current assets | 959,095 |
| Current liabilities | (2,083,418) |
| Non-current liabilities | (811,465) |
| Net assets | 608,255 |
| Carrying amount of NCI | 310,210 |

| | One month ended September 30, 2013 |
|---|---|
| | RMB'000 |
| Revenue | 8,701 |
| Loss for the period | (1,610) |
| Total comprehensive income | (1,610) |
| Loss allocated to NCI | (821) |
| Cash flows from operating activities | (88,931) |
| Cash flows from investing activities | — |
| Cash flows from financing activities | (8,585) |

## 14 INVESTMENTS IN ASSOCIATES — THE GROUP

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Share of net assets | 67,440 | 71,609 | 114,270 | 145,296 |

The following list contains only the particulars of associates which existed during the Relevant Period, all of which are corporate entities incorporated in the PRC, which principally affected the results or assets of the Group:

| Name of company | Place of incorporation | Particulars of paid-in capital/ registered capital | Proportion of ownership interest held by subsidiaries | Principal activities |
|---|---|---|---|---|
| | | RMB'000 | | |
| 1 Chongqing Yuneng Wanyi Real Estate Co., Ltd. ("Chongqing Yuneng Wanyi") 重慶渝能萬怡房地產開發有限公司 | Chongqing, the PRC | 80,000 | 30% | Property development Note (i) |
| 2 Guilin Sunshine 100 Real Estate Co., Ltd. 桂林陽光壹佰置業有限公司 | Guangxi Zhuang Autonomous Region, the PRC | 30,000 | 30% | Property development |
| 3 GrandChina Real Estate Fund Management Co., Ltd. ("GrandChina") 盛世神州房地產投資基金管理（北京）有限公司 | Beijing, the PRC | 30,000 | 16% | Fund management Note (ii) |
| 4 Guangxi Jingqi Investment Co., Ltd. ("Guangxi Jingqi") 廣西景祺投資有限公司 | Guangxi Zhuang Autonomous Region, the PRC | 100,000 | 49% | Investment holding Note (iii) |
| 5 Tianjin Nongken Heyang Investment Co., Ltd. ("Tianjin Nongken Heyang") 天津農墾和陽投資有限公司 | Tianjin, the PRC | 40,000/ 200,000 | 49% | Investment holding Note (iv) |
| 6 Liaoning Dynasty Wu Nv Shan Bing Wine Sales Co., Ltd. ("Liaoning Wu Nv Shan Bing") 遼寧王朝五女山冰酒莊有限公司 | Liaoning Province, the PRC | 98,250 | 20% | Trading Note (v) |

Notes:

(i) Chongqing Yuneng Wanyi

During the year ended December 31, 2004, the Group acquired 30% equity interest in Chongqing Yuneng Wanyi, a company that mainly engaged in the development of Chongqing City Plaza project. Chongqing Yuneng Wanyi is a property developer in the Chongqing market, enables the Group to have exposure to this market through local expertise.

(ii) GrandChina

During the year ended December 31, 2010, the Group acquired 20% equity interest in GrandChina, which is mainly engaged in the management of a real estate market investment fund, at a cash consideration of RMB6,000,000. From then on, GrandChina had been accounted for as an associate of the Company. During the year ended December 31, 2011, the registered capital of GrandChina was increased by RMB7,500,000, as a result of which the equity interest held by the Group was reduced to 16%.

(iii) Guangxi Jingqi

During the year ended December 31, 2010, the Group invested RMB49,000,000 to acquire 49% equity interest in Guangxi Jingqi, a newly established company that mainly engaged in the investment of Guangxi Yaobu project and Dongguan Songshan project. From then on, Guangxi Jingqi has been accounted for as an associate of the Group. Guangxi Jingqi is a property developer in the Yaobu and Dongguan markets, enables the Group to have exposure to these markets through local expertise.

(iv) Tianjin Nongken Heyang

During the year ended December 31, 2012, the Group invested RMB19,600,000 to acquire 49% equity interest in Tianjin Nongken Heyang, a newly established holding company. From then on, Tianjin Nongken Heyang has been accounted for as an associate of the Group.

(v) Liaoning Wu Nv Shan Bing

During the nine months ended September 30, 2013, the Group invested RMB19,650,000 to acquire 20% equity interest in Liaoning Wu Nv Shan Bing, a newly established company. From then on, Liaoning Wu Nv Shan Bing has been accounted for as an associate of the Group.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarized financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

**Chongqing Yuneng Wanyi**

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Current assets | 384,023 | 447,481 | 836,580 | 595,246 |
| Non-current assets | 35,974 | 29,038 | 14,545 | 259,350 |
| Current liabilities | (350,177) | (391,346) | (725,185) | (713,412) |
| Non-current liabilities | (47,000) | (47,000) | (15,000) | (16,596) |
| Equity | 22,820 | 38,173 | 110,940 | 124,588 |
| Reconciled to the Group's interests in Chongqing Yuneng Wanyi | | | | |
| Gross amounts of net assets of the associate | 22,820 | 38,173 | 110,940 | 124,588 |
| Group's effective interest | 30% | 30% | 30% | 30% |
| Group's share of net assets of the associate | 6,846 | 11,452 | 33,282 | 37,376 |
| Carrying amount in the consolidated financial statements | 6,846 | 11,452 | 33,282 | 37,376 |

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Revenue | 55,107 | 167,620 | 352,599 | 562 | 30,658 |
| Profit/(loss) from continuing operations | 2,347 | 15,353 | 72,767 | (13,185) | 13,648 |
| Total comprehensive income | 2,347 | 15,353 | 72,767 | (13,185) | 13,648 |

**Guangxi Jingqi**

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Current assets | 70,000 | 608,615 | 953,651 | 1,325,605 |
| Non-current assets | 30,000 | 30,386 | 30,364 | 19,024 |
| Current liabilities | — | (539,203) | (884,292) | (899,902) |
| Non-current liabilities | — | — | — | (345,000) |
| Equity | 100,000 | 99,798 | 99,723 | 99,727 |
| Reconciled to the Group's interests in Guangxi Jingqi | | | | |
| Gross amounts of net assets of the associate | 100,000 | 99,798 | 99,723 | 99,727 |
| Group's effective interest | 49% | 49% | 49% | 49% |
| Group's share of net assets of the associate | 49,000 | 48,901 | 48,864 | 48,866 |
| Carrying amount in the consolidated financial statements | 49,000 | 48,901 | 48,864 | 48,866 |

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Revenue | — | — | — | — | — |
| Loss/(profit) from continuing operations | — | (202) | (75) | (12) | 4 |
| Total comprehensive income | — | (202) | (75) | (12) | 4 |

Aggregate information of associates that are not individually material:

| | At December 31, | | | At September 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 11,594 | 11,256 | 32,124 | 59,054 |

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Aggregate amounts of the Group's share of those associates | | | | | |
| Profit/(loss) from continuing operations | 4,309 | (338) | 1,268 | (580) | 6,115 |
| Total comprehensive income | 4,309 | (338) | 1,268 | (580) | 6,115 |

## 15 OTHER FINANCIAL ASSETS — THE GROUP

| | At December 31, | | | At September 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Available-for-sale investment, unlisted | 51,165 | 51,264 | — | — |
| Other equity investment, unlisted and at cost | 50,000 | 50,000 | — | — |
| | 101,165 | 101,264 | — | — |

As at December 31, 2010 and 2011, the Group's available-for-sale investment was pledged against the loan and borrowings, details are set out in Note 22(g).

## 16 INCOME TAX IN THE CONSOLIDATED BALANCE SHEETS

### (a) Current taxation in the consolidated balance sheets represents:

| | At December 31, | | | At September 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| PRC Corporate Income Tax payable | 301,603 | 294,795 | 367,335 | 367,750 |
| Land Appreciation Tax payable | 429,916 | 476,026 | 342,695 | 312,202 |
| | 731,519 | 770,821 | 710,030 | 679,952 |

**(b) Deferred tax assets and liabilities recognized:**

(i) The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheets and the movements during the Relevant Period are as follows:

| | Note | Tax losses | Land development for sale, properties under development and completed properties held for sale | Investment properties | Property and equipment | Available-for-sale investment | Total |
|---|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2010 | | 17,661 | 199,590 | (416,733) | — | (397) | (199,879) |
| Credited/(charged) to profit or loss | 5(a) | 35,725 | 88,721 | (93,331) | — | — | 31,115 |
| Credited to other comprehensive income | | — | — | — | — | 105 | 105 |
| Disposal of a subsidiary | 30(b) | (7,078) | — | — | — | — | (7,078) |
| At December 31, 2010 | | 46,308 | 288,311 | (510,064) | — | (292) | (175,737) |
| At January 1, 2011 | | 46,308 | 288,311 | (510,064) | — | (292) | (175,737) |
| Credited/(charged) to profit or loss | 5(a) | 26,527 | (19,148) | (60,597) | — | — | (53,218) |
| Charged to other comprehensive income | | — | — | (3,288) | — | (25) | (3,313) |
| At December 31, 2011 | | 72,835 | 269,163 | (573,949) | — | (317) | (232,268) |
| At January 1, 2012 | | 72,835 | 269,163 | (573,949) | — | (317) | (232,268) |
| Credited/(charged) to profit or loss | 5(a) | 5,095 | 71,825 | (34,836) | — | — | 42,084 |
| Credited to other comprehensive income | | — | — | — | — | 317 | 317 |
| At December 31, 2012 | | 77,930 | 340,988 | (608,785) | — | — | (189,867) |
| At January 1, 2013 | | 77,930 | 340,988 | (608,785) | — | — | (189,867) |
| Credited/(charged) to profit or loss | 5(a) | 14,951 | 53,235 | (30,318) | 5 | — | 37,873 |
| Acquisition of a subsidiary | 30(a) | — | (25,396) | (81,083) | (10,245) | — | (116,724) |
| At September 30, 2013 | | 92,881 | 368,827 | (720,186) | (10,240) | — | (268,718) |

(ii) Reconciliation to the consolidated balance sheets:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Deferred tax assets recognized in the consolidated balance sheets . . . . . . . . . | 334,619 | 341,998 | 418,918 | 588,093 |
| Deferred tax liabilities recognized in the consolidated balance sheets . . . . . . . . . | (510,356) | (574,266) | (608,785) | (856,811) |
| | (175,737) | (232,268) | (189,867) | (268,718) |

**(c) Deferred tax assets not recognized**

In accordance with the accounting policy set out in Note 1(u), the Group has not recognized deferred tax assets in respect of cumulative tax losses in certain subsidiaries of RMB101,538,000, RMB119,839,000, RMB208,533,000 and RMB282,292,000 as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant subsidiaries. These tax losses as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively, will expire in the following years:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| Years ended/ending | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 2011 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 18,175 | — | — | — |
| 2012 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 4,473 | 2,016 | — | — |
| 2013 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 18,698 | 17,991 | 17,987 | 17,966 |
| 2014 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 21,443 | 20,407 | 18,789 | 18,789 |
| 2015 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 38,749 | 32,867 | 28,730 | 27,414 |
| 2016 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | — | 46,558 | 46,524 | 46,524 |
| 2017 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | — | — | 96,503 | 96,110 |
| 2018 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | — | — | — | 72,608 |
| | 101,538 | 119,839 | 208,533 | 279,411 |

The above cumulative tax losses are primarily incurred by subsidiaries that were loss making, resulted from their operating and financing activities, and their losses could not be utilized by other fellow subsidiaries that had taxable profits. The principal activities of these subsidiaries were mainly investment holding, property management, hotel management or property development without any on-going property development project. It was not probable that these subsidiaries would have future taxable profits against which these losses can be utilized.

**(d) Deferred tax liabilities not recognized**

According to the Implementation Rules of the Corporate Income Tax Law of the PRC, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profits earned subsequent to January 1, 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognized for the dividends that have been declared, and deferred tax liability is recognized for those to be declared in the foreseeable future. As at December 31, 2010, 2011 and 2012, and September 30, 2013, temporary differences relating to the undistributed profits of the subsidiaries in the PRC amounted to RMB2,517,511,000, RMB2,436,115,000, RMB2,935,608,000 and RMB2,889,595,000, respectively. Deferred tax liabilities of RMB251,751,000, RMB243,612,000, RMB293,561,000 and RMB288,960,000, respectively, have not been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits earned subsequent to January 1, 2008 will not be distributed in the foreseeable future.

## 17 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE — THE GROUP

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Properties under development | 6,850,591 | 9,078,822 | 9,218,019 | 12,382,051 |
| Completed properties held for sale | 1,687,887 | 1,701,648 | 2,399,714 | 3,088,340 |
| | 8,538,478 | 10,780,470 | 11,617,733 | 15,470,391 |

**(a)** The analysis of carrying value of leasehold land included in properties under development and completed properties held for sale is as follows:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| In the PRC | | | | |
| — Long-term lease | 2,578,351 | 2,766,191 | 2,618,628 | 2,546,642 |
| — Medium-term lease | 1,722,998 | 1,979,192 | 2,240,620 | 3,810,597 |
| | 4,301,349 | 4,745,383 | 4,859,248 | 6,357,239 |

**(b)** The amount of properties under development expected to be recovered after more than one year is analyzed as follows:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Properties under development | 4,856,382 | 5,627,066 | 4,661,032 | 6,321,120 |

All of the other properties under development and completed properties held for sale are expected to be recovered within one year.

**(c)** The cost of properties sold for the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013 amounted to RMB1,890,246,000, RMB1,986,846,000, RMB2,879,968,000, RMB1,357,756,000 (unaudited) and RMB1,532,777,000, respectively.

**(d)** Certain properties under development and completed properties held for sale of the Group were pledged against the loans and borrowings, details are set out in Note 22(g).

**(e)** As at December 31, 2010, 2011 and 2012, completed properties held for sale with carrying value of RMB68,752,000 were restricted for sale in accordance to an agreement entered into with the related local government. As at September 30, 2013, the restriction had been released, details are set out in Note 12(d).

## 18 LAND DEVELOPMENT FOR SALE — THE GROUP

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Land development for sale | 258,717 | 312,529 | 379,762 | 386,638 |

Land development for sale mainly represents the cost of land development for the Group's land development projects. Though the Group does not have ownership title or land use rights to the land, the Group is given the right to carry out preparation works in respect of land infrastructure in those projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales.

Land development for sale is expected to be realized in the normal operating cycle, which is longer than twelve months.

In accordance with the accounting policy set out in Note 1(w)(ii), revenue in relation to land development for sale is recognized depending on the timing of sales of related land plots by the government to third parties.

## 19 TRADE AND OTHER RECEIVABLES

| | Note | At December 31, | | | At September 30, |
|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | |
| Trade receivables | | 619,862 | 625,328 | 661,071 | 680,435 |
| Amounts due from related parties | 29(b) | 549,355 | 702,948 | 1,151,523 | 1,353,098 |
| Other receivables | | 308,636 | 506,998 | 772,325 | 748,781 |
| Loans and receivables | | 1,477,853 | 1,835,274 | 2,584,919 | 2,782,314 |
| Deposits and prepayments | | 794,054 | 885,324 | 715,798 | 905,172 |
| | | 2,271,907 | 2,720,598 | 3,300,717 | 3,687,486 |
| **The Company** | | | | | |
| Prepayments | | 4,676 | 9,124 | 11,044 | 21,890 |
| Amounts due from related parties | | — | 204,023 | 203,524 | 199,084 |
| | | 4,676 | 213,147 | 214,568 | 220,974 |

**(a) Ageing analysis**

The ageing analysis of trade receivables based on due date is as follows:

| | Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Current | | 5,852 | 19,256 | 37,680 | 47,086 |
| 1 to 6 months past due | | 21,557 | 8,750 | 15,100 | 11,893 |
| 6 months to 1 year past due | | — | 4,869 | 6,100 | 13,764 |
| More than 1 year past due | | 592,453 | 592,453 | 602,191 | 607,692 |
| Amounts past due | | 614,010 | 606,072 | 623,391 | 633,349 |
| | | 619,862 | 625,328 | 661,071 | 680,435 |

The Group's credit policy is set out in Note 28(a).

**(b) Impairment of loans and receivables**

Impairment losses in respect of loans and receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loans and receivables directly (see Note 1(l)(i)).

There was no allowance for doubtful debts provided during the Relevant Period.

**(c) Loans and receivables that are not impaired**

The ageing analysis of loans and receivables that are neither individually nor collectively considered to be impaired are as follows:

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Neither past due nor impaired | 863,843 | 1,229,202 | 1,961,528 | 2,148,965 |
| 1 to 6 months past due | 21,557 | 8,750 | 15,100 | 11,893 |
| 6 months to 1 year past due | — | 4,869 | 6,100 | 13,764 |
| More than 1 year past due | 592,453 | 592,453 | 602,191 | 607,692 |
| Amounts past due | 614,010 | 606,072 | 623,391 | 633,349 |
| | 1,477,853 | 1,835,274 | 2,584,919 | 2,782,314 |

Receivables that were neither past due nor impaired relate to customers and debtors for whom there was no recent history of default.

Receivables that were past due but not impaired mainly included revenue from land development for sale of RMB581,089,000 as at December 31, 2010, 2011 and 2012, and September 30, 2013 from the government of Chenghua District, Chengdu that has good credit reputation as a government institution. No provision on the receivable of RMB581,089,000 due from the government of Chenghua District, Chengdu was required based on the facts set out below:

- Based on a series of agreements entered into by the Group and the government of Chenghua District, Chengdu, the Group is entitled to receive RMB2,508,089,000 after netting off the payable of RMB234,411,000 to the government of Chenghua District, Chengdu, of which RMB 1,927,000,000 has been received by the Group;
- The government of Chenghua District, Chengdu issued a notice to the Company on July 2, 2013 to confirm the remaining balance of RMB581,089,000;
- The Group has continuous business relationship with the government of Chenghua District, Chengdu during the Relevant Period. As of September 30, 2013, Phase III and Phase IV of the Chengdu primary land development project with the government of Chenghua District, Chengdu was still in progress; and
- The management of the Company represented that the agreements are legally enforceable, as supported by a legal opinion received by the Group, and there is no indication that the government of Chenghua District, Chengdu will not, or will have financial difficulties to, fulfill its obligation to settle the balance.

Accordingly, the management believes that no impairment allowance is necessary in respect of these balances and the balances are still considered fully recoverable.

The remaining receivables that were past due but not impaired mainly represented receivables in relation to sales of properties from a number of independent customers that have a good relationship with the Group. Based on past experience, the management believes that no impairment allowance 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. Of the remaining balances that were past due but not impaired, the Group holds the title of the property units as collateral over the balance of trade receivables of RMB1,203,000, RMB639,000, RMB1,419,000 and RMB nil as at December 31, 2010, 2011, 2012, and September 30, 2013, respectively.

## 20 RESTRICTED DEPOSITS — THE GROUP

| | Note | At December 31, 2010 | 2011 | 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Non-current restricted deposits for: | | | | | |
| — Guarantee for mortgage loans | (i) | 37,940 | 24,663 | 42,023 | 54,349 |
| — Guarantee for demolition fees | (ii) | 61,029 | 71,127 | 71,218 | 41,274 |
| — Guarantee for loans and borrowings | 22(g) | 33,367 | 561,129 | 1,211 | — |
| — Guarantee for construction fees | (iii) | 20,222 | 13,572 | — | — |
| — Guarantee for rural migrant workers' wages | (iv) | 9,732 | 9,974 | 600 | — |
| — Restricted cash related to pre-sale proceeds received | (vi) | 7,191 | 11,301 | 6,265 | 5,217 |
| | | 169,481 | 691,766 | 121,317 | 100,840 |
| Current restricted deposits for: | | | | | |
| — Guarantee for mortgage loans | (i) | 65,194 | 80,681 | 52,664 | 68,200 |
| — Guarantee for bills payable | (v) | — | 36,365 | 13,000 | 13,500 |
| — Guarantee for loans and borrowings | 22(g) | 177,706 | 246,061 | 1,311,050 | 1,613,580 |
| — Guarantee for construction fees | (iii) | — | 8,903 | 26,528 | 21,749 |
| — Litigation deposits | | 9,940 | — | — | — |
| — Restricted cash related to pre-sale proceeds received | (vi) | 63,083 | 97,513 | 114,594 | 105,502 |
| | | 315,923 | 469,523 | 1,517,836 | 1,822,531 |
| | | 485,404 | 1,161,289 | 1,639,153 | 1,923,371 |

The above restricted deposits are restricted as follows:

(i) The Group has entered into agreements with certain banks and other financial institutions with respect to mortgage loans provided to buyers of the Group's property units. As at December 31, 2010, 2011 and 2012, and September 30, 2013, the Group had restricted bank deposits of RMB103,134,000, RMB105,344,000, RMB94,687,000 and RMB122,549,000, respectively, as security for settlement of the mortgage installments under these agreements. Should the mortgagors fail to pay the mortgage monthly installments, the bank or other financial institution can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. Such guarantee deposits will be released when the title of properties are pledged to banks and other financial institutions or the related mortgage loans are repaid by buyers.

(ii) As at December 31, 2010, 2011 and 2012, and September 30, 2013, the Group had restricted bank deposits of RMB61,029,000, RMB71,127,000, RMB71,218,000 and RMB41,274,000, respectively, as non-cancellable guarantees on demolition fees payable to original residents. Should the Group fail to pay the demolition fees, the government can draw down the security deposits up to the amount of outstanding demolition fees and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(iii) As at December 31, 2010, 2011 and 2012, and September 30, 2013, pursuant to a government regulation, the Group had restricted deposits placed at banks and local governments of

RMB20,222,000, RMB22,475,000, RMB26,528,000 and RMB21,749,000, respectively, as non-cancellable guarantees on construction fees payable to construction contractors. Should the Group fail to settle related construction fees, the bank or the government can drawdown the deposits to settle the relevant sums and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(iv) As at December 31, 2010, 2011 and 2012, pursuant to local government regulations, the Group had restricted deposits placed at governments of RMB9,732,000, RMB9,974,000 and RMB600,000, respectively, as non-cancellable guarantees on payments of wages for rural migrant workers. Should the contractors fail to pay the wages, the government can drawdown the deposits to settle the relevant sums and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(v) As at December 31, 2011 and 2012, and September 30, 2013, the Group had restricted bank deposits with terms of three to six months of RMB36,365,000, RMB13,000,000 and RMB13,500,000, respectively, as security for settlement of bills payable. Should the Group fail to settle the bills payable, the bank can draw down the security deposits up to the amount of outstanding bills payable and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(vi) In accordance with relevant government regulations, certain project companies of the Group are required to place the pre-sale proceeds of properties received of RMB70,274,000, RMB108,814,000, RMB120,859,000 and RMB110,719,000, at designated bank accounts as guarantee deposits for construction work of related properties as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant properties upon the approval of Authorities of the Ministry of Housing and Urban-Rural Development and relevant banks. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

## 21 CASH AND CASH EQUIVALENTS

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | |
| Cash on hand | 472 | 381 | 468 | 1,164 |
| Cash at bank | 576,495 | 563,287 | 1,107,852 | 1,370,437 |
| | 576,967 | 563,668 | 1,108,320 | 1,371,601 |

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Company** | | | | |
| Cash at bank | — | — | — | 8,966 |

## 22 LOANS AND BORROWINGS

| | Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | |
| Loans and borrowings at amortized cost | | | | | |
| — Long-term | | 3,510,851 | 5,639,034 | 7,539,784 | 9,626,168 |
| — Short-term | | 758,919 | 478,300 | 1,721,193 | 2,817,526 |
| | | 4,269,770 | 6,117,334 | 9,260,977 | 12,443,694 |
| Loans at fair value through profit or loss: | | | | | |
| — Loans from Riverside | (a) | 1,447,140 | 1,147,197 | 933,475 | 560,255 |
| — Loans from Hangzhou Industrial and Commerce Trust | (b) | — | — | — | 37,264 |
| | | 1,447,140 | 1,147,197 | 933,475 | 597,519 |
| | | 5,716,910 | 7,264,531 | 10,194,452 | 13,041,213 |
| **The Company** | | | | | |
| Loans and borrowings at amortized cost | | | | | |
| — Long-term | | — | 518,211 | 524,303 | — |
| — Short-term | | — | — | 234,022 | 1,149,500 |
| | | — | 518,211 | 758,325 | 1,149,500 |
| Loans at fair value through profit or loss: | | | | | |
| — Loans from Riverside | | 694,340 | 761,000 | 933,475 | 560,255 |
| | | 694,340 | 1,279,211 | 1,691,800 | 1,709,755 |

**(a) Loans from Riverside**

| | Note | Original Liaoning Sunshine 100 Investment Agreements | Revised Liaoning Sunshine 100 Investment Agreements | Further Revised Liaoning Sunshine 100 Investment Agreements | Third Revised Liaoning Sunshine 100 Investment Agreements |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2010 | | 1,286,600 | — | — | — |
| Fair value adjustment charged to profit or loss | 4(a) | 240,780 | — | — | — |
| De-recognition and credited to profit or loss | 4(a) | (1,527,380) | — | — | — |
| Recognition and charged to profit or loss | 4(a) | — | 1,447,140 | — | — |
| At December 31, 2010 | | — | 1,447,140 | — | — |
| At January 1, 2011 | | — | 1,447,140 | — | — |
| Repayment | | — | (466,419) | — | — |
| Fair value adjustment charged to profit or loss | 4(a) | — | 166,476 | — | — |
| At December 31, 2011 | | — | 1,147,197 | — | — |
| At January 1, 2012 | | — | 1,147,197 | — | — |
| Repayment | | — | (322,648) | (100,000) | — |
| De-recognition and credited to profit or loss | 4(a) | — | (824,549) | — | — |
| Recognition and charged to profit or loss | 4(a) | — | — | 1,033,475 | — |
| At December 31, 2012 | | — | — | 933,475 | — |
| At January 1, 2013 | | — | — | 933,475 | — |
| Repayment | | — | — | (300,000) | (100,000) |
| Fair value adjustment charged to profit or loss | 4(a) | — | — | 39,108 | 31,937 |
| De-recognition and credited to profit or loss | 4(a) | — | — | (672,583) | — |
| Recognition and charged to profit or loss | 4(a) | — | — | — | 628,318 |
| At September 30, 2013 | | — | — | — | 560,255 |

**Original Liaoning Sunshine 100 Investments Agreements**

Pursuant to the Original Liaoning Sunshine 100 Investment Agreements and Equity Transfer Agreement disclosed in Note 13(iv), 75% equity interest in Liaoning Sunshine 100 was transferred from Sunshine 100 Group to Riverside for a financing of USD25,000,000. Based on the Original Liaoning Sunshine 100 Investment Agreements, the parties to the agreements have the following rights and obligations:

(i) Original Conversion Right

Upon the establishment of the Company, Riverside shall at any time have the right to request the Company to allot and issue such number of preference shares of the Company that would constitute 13.8% of the Company on a fully diluted basis for an aggregate consideration of the 75% shareholding in Liaoning Sunshine 100, plus (i) RMB605,000,000 or (ii) the other investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements and a cash consideration on the difference between the other investments and RMB605,000,000 if the other investments are less than RMB605,000,000 (the "Original Conversion Right"). The 13.8% would be adjusted up to a maximum 18.0% if a qualified initial public offering of the Company (the "IPO"), as defined in the Original Investment Agreement, does not take place on or before January 1, 2010 and the total consolidated profits attributable to the equity shareholders of the Company for the years ended December 31, 2006, 2007, 2008 and 2009 are less than RMB2.7 billion in aggregate.

(ii) Original Warrant

Upon the completion of the IPO, Riverside shall be issued a warrant to purchase 5% of the Company's ordinary shares, as calculated immediately following the IPO on a fully-diluted, as converted basis (the "Original Warrant"). The Original Warrant shall have an exercise price equal to the IPO price, and shall expire three years following the IPO.

(iii) Original Put Option

If (i) Riverside has not exercised the Original Conversion Right on or before December 31, 2007, or (ii) Sunshine 100 Group or the 8 individuals breach the Original Liaoning Sunshine 100 Investment Agreements, Riverside would have the right to request redemption of the 75% shareholding in Liaoning Sunshine 100 and other investments it made under the Liaoning Sunshine 100 Investment Agreements at a put price which should equal to the total investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements plus an amount necessary to produce an annual rate of return of 15% over the total investments (the "Original Put Option").

(iv) Original Call Option

If Riverside has not exercised the Original Conversion Right and the Original Put Option on or before December 31, 2009, Sunshine 100 Group would have the right to redeem the 75% shareholding in Liaoning Sunshine 100 and other investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements at a call price which should equal to the total investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements plus an amount necessary to produce an annual rate of return of 15% over the total investments plus the 25% of the total profits of Liaoning Sunshine 100 during the periods Riverside holds the 75% shareholding in Liaoning Sunshine 100, but the call price should be cap at an amount production an annual rate of return of 30% over the total investments (the "Original Call Option"). This Original Call Option was exercisable during the year ended December 31, 2010.

(v) Original Liability Component

The 75% shareholding in Liaoning Sunshine 100 held by Riverside has been accounted for as a liability as the Original Put Option contains an obligation for Sunshine 100 Group to purchase such shareholding. In addition to this 75% shareholding in Liaoning Sunshine 100, Riverside provided other loans as follows (collectively referred as the "Original Liability Component"):

- On May 10, 2007, Riverside entered into a loan agreement with Liaoning Sunshine 100, pursuant to which Riverside provided a loan of USD49,000,000 to Liaoning Sunshine 100. This loan bears an interest rate at 6.5% per annum with a maturity date on January 31, 2011.
- On November 21, 2007, Riverside made a payment of USD10,000,000 to Oceanic, a related party of the Company, on behalf of the Company. This loan is interest free and has no specified maturity date.
- On February 8, 2008, Riverside entered into a loan agreement with Sunmode, pursuant to which Riverside provided a loan of USD21,677,160 to Sunmode. This loan is interest-free with a maturity date on February 8, 2011.

The total investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements have been accounted for as a combined hybrid financial instrument, containing the derivative components (Original Conversion Right, Original Warrant, Original Put Option and Original Call Option) and the Original Liability Component. The combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

**Revised Liaoning Sunshine 100 Investment Agreements**

Based on the Revised Liaoning Sunshine 100 Investment Agreements, the rights and obligations under the Original Liaoning Sunshine 100 Investment Agreements were amended and the parties to the Revised Liaoning Sunshine 100 Investment Agreements have the following revised rights and obligations:

(i) Revised Conversion Right

The Company issued a convertible note (the "CN") with face value of RMB800,000,000 to Riverside Group on December 31, 2010. If a qualified initial public offering of the Company (the "new IPO"), as defined in the Revised Liaoning Sunshine 100 Investment Agreements, occurs before June 30, 2012, the CN will be automatically converted into ordinary shares of the Company, would constitute at least of 5.01% (the conversion price is subjected to one-time downward adjustment according to the equity market capitalization of the Company immediately prior before the new IPO) of the Company's share capital (the "Revised Conversion Right"), on a fully diluted basis. If the new IPO occurs during the period from June 30, 2012 to December 31, 2012, holder of the CN shall has the right to request (i) a redemption at USD equivalent of RMB800,000,000 or (ii) conversion of the CN into ordinary shares of the Company, which shall constitute at least

5.01% of the Company's share capital on a fully diluted basis. If the new IPO fails to occur by December 31, 2012 or upon occurrence of any material breach to the Revised Liaoning Sunshine 100 Investment Agreements, the Company shall pay to holder of CN USD equivalent of RMB800,000,000 within 30 days.

(ii) Revised Warrant

Upon the completion of the new IPO, the Company shall issue to Riverside's holding companies a warrant to purchase 2.5% of the Company's securities outstanding on the stock exchange, as calculated immediately following the new IPO on a fully-diluted basis (the "Revised Warrant"). The Revised Warrant shall have an exercise price equal to the new IPO price, and shall expire two years following the new IPO.

(iii) Revised Liability Component

Pursuant to the Revised Liaoning Sunshine 100 Investment Agreements, the liability component has been fixed at USD equivalent of RMB800,000,000 (the "Revised Liability Component") and should be settled during the year ended December 31, 2011 based on a fixed repayment schedule. The amount was not settled as of the maturity date and was subsequently modified in the Further Revised Liaoning Sunshine 100 Investment Agreements.

The rights and obligations under the Revised Liaoning Sunshine 100 Investment Agreements have been accounted for as a combined hybrid financial instrument, containing the derivative components (the Revised Conversion Right, the Revised Warrant and the Revised Put Option) and the Revised Liability Component. The combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

Upon the recognition of the Revised Liaoning Sunshine 100 Investment Agreements at its effective date, the Original Liaoning Sunshine 100 Investment Agreements were derecognized and the carrying amount of RMB1,527,380,000 was credited to profit or loss accordingly.

**Further Revised Liaoning Sunshine 100 Investment Agreements**

Based on the Further Revised Liaoning Sunshine 100 Investment Agreements, the rights and obligations under the Revised Liaoning Sunshine 100 Investment Agreements were amended and the parties to the Further Revised Liaoning Sunshine 100 Investment Agreements have the following revised rights and obligations:

(i) Further Revised Warrant

The terms regarding the warrant under the Further Revised Liaoning Sunshine 100 Investment Agreements ("Further Revised Warrant") remained the same as the Revised Warrant.

(ii) Further Revised Liability Component

The Company shall repay the CN principal of RMB800,000,000 based on agreed payment schedule and shall pay interest to Riverside in an amount equal to an IRR at an annual rate of 16% accrued on the CN principal. Subject to certain conditions, if an IPO (the "Rescheduled IPO") is completed prior to June 30, 2014, any and all amount outstanding before the Rescheduled IPO, multiplied by 117.65%, shall be automatically converted into fully ordinary shares of the Company at the IPO price (the "Further Revised Liability Component").

The rights and obligations under the Further Revised Liaoning Sunshine 100 Investment Agreement have been accounted for as a combined hybrid financial instrument and the combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

Upon the recognition of the Further Revised Liaoning Sunshine 100 Investment Agreements at its effective date, the Revised Liaoning Sunshine 100 Investment Agreements were derecognized and the carrying amounts of RMB824,549,000 was credited to profit or loss accordingly.

**Third Revised Liaoning Sunshine 100 Investment Agreements**

Based on the Third Revised Liaoning Sunshine 100 Investment Agreements, the rights and obligations under the Further Revised Liaoning Sunshine 100 Investment Agreements were amended and the parties to the Third Revised Liaoning Sunshine 100 Investment Agreements have the following revised rights and obligations:

(i) Third Revised Liability Component

The Company shall repay the CN principal of RMB800,000,000 based on agreed payment schedule and shall pay interest to Riverside in an amount equal to an IRR at an annual rate of 16% accrued on the CN principal. Subject to certain conditions, if an IPO (the "Qualified IPO") is completed prior to December 31, 2014, 50% of any and all amount outstanding multiplied by a percentage (the "Restoration percentage"), as set out below, plus RMB20,000,000 shall be repaid by the Company within 30 days after the Qualified IPO and the remaining 50% of any and all amount outstanding multiplied by the Restoration percentage shall be automatically converted into fully ordinary shares of the Company at the IPO price (the "Third Revised Liability Component"). The Restoration percentages are set out as below:

(a) If the Qualified IPO is completed on or prior to December 31, 2013, the Restoration percentage is 117.65%;

(b) If the Qualified IPO is completed on or prior to June 30, 2014, the Restoration percentage is 125%;

(c) If the Qualified IPO is completed on or prior to December 31, 2014, the Restoration percentage is 133.33%.

The rights and obligations under the Third Revised Liaoning Sunshine 100 Investment Agreement have been accounted for as a combined hybrid financial instrument and the combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

Upon the recognition of the Third Revised Liaoning Sunshine 100 Investment Agreements at its effective date, the Further Revised Liaoning Sunshine 100 Investment Agreements were derecognized and the carrying amounts of RMB633,475,000 was credited to profit or loss accordingly.

Fair values of the derivative components and the liability component under the Original Liaoning Sunshine 100 Investment Agreements, the Revised Liaoning Sunshine 100 Investment Agreements, the Further Revised Liaoning Sunshine 100 Investment Agreements and the Third Revised Liaoning Sunshine 100 Investment Agreements were valued by the directors with reference to the valuation reports issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified valuer, using the Trinomial option pricing model, Black-Scholes model and discounted cash flow method. Key assumptions and variables used in the valuation are as follow:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2012** | **2013** |
| | | | | **(unaudited)** | |
| Total business value of the Group at the measurement date (RMB'000) | 8,700,000 | 9,500,000 | 9,700,000 | 9,400,000 | not applicable |
| Expected volatility | 54.84% to 56.51% | 39.45% to 44.86% | 40.77% | 41% | not applicable |
| Discount rate | 25.38% | 28.37% | 22.87% | 2.97% | 22% |
| Time to maturity | vary | vary | 2 years | 2 years | 1.25 years |
| Dividend yield | 0% | 0% | 0% | 0% | 0% |
| Risk-free interest rate | 3.39%-3.49% | 2.88%-2.97% | 3.05% | 2.97% | 3.52%-3.94% |

For the years ended December 31, 2010, 2011 and 2012, and the nine months ended September 30, 2013, changes in credit risk led to a decrease of RMB41,451,000, an increase of RMB49,911,000, a decrease of RMB7,459,000 and an increase of RMB1,909,000, respectively, on the changes in the fair value of the loans from Riverside.

## (b) Loans from Hangzhou Industrial and Commerce Trust

| | Note | The Wuxi loans from Hangzhou Industrial and Commerce Trust | The Yantai loans from Hangzhou Industrial and Commerce Trust | Total |
|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2010 | | 230,300 | — | 230,300 |
| Fair value adjustment charged to profit or loss | 4(a) | 33,907 | — | 33,907 |
| Principal and interest repayment and settlement | | (264,207) | — | (264,207) |
| At December 31, 2010, 2011 and 2012 | | — | — | — |
| At January 1, 2013 | | — | — | — |
| Proceeds | | — | 15,000 | 15,000 |
| Fair value adjustment charged to profit or loss | 4(a) | — | 22,264 | 22,264 |
| At September 30, 2013 | | — | 37,264 | 37,264 |

**The Wuxi loans from Hangzhou Industrial and Commerce Trust**

The Group entered into a cooperation agreement (the "Cooperation Agreement I") with Hangzhou Industrial and Commerce Trust on September 7, 2007. In accordance with the Cooperation Agreement I, Hangzhou Industrial and Commerce Trust established a trust (the "Trust I") to raise financing of RMB250,130,000 for the Group, with a maturity date on October 30, 2010 (the "Wuxi loans from Hangzhou Industrial and Commerce Trust").

The Wuxi Loans from Hangzhou Industrial and Commerce Trust have been provided to the Group in four batches as follows:

(a) 10% shareholding of Wuxi Suyuan (the "10% Wuxi Suyuan Shareholding") was transferred from the Group to Hangzhou Industrial and Commerce Trust at a consideration of RMB30,000,000;

(b) 20% shareholding of Wuxi Suyuan (the "20% Wuxi Suyuan Shareholding") was transferred from the Group to Hangzhou Hengxin 100, a wholly owned subsidiary of Hangzhou Industrial and Commerce Trust, at a consideration of RMB60,000,000;

(c) Hangzhou Hengxin 100 lent a loan of RMB110,000,000 to Wuxi Suyuan. The loan bore interests at 7.29% per annum during the period from December 3, 2007 to August 25, 2008, and 20.00% per annum during the period from August 25, 2008 to the maturity date on October 30, 2010; and

(d) Hangzhou Industrial and Commerce Trust lent a loan of RMB50,130,000 to Wuxi Suyuan. The loan bore interests at 12.00% per annum during the period from December 3, 2007 to May 19, 2008, and 12.09% per annum during the period from May 19, 2008 to the maturity date on October 30, 2010.

Pursuant to the Cooperation Agreement I, upon the maturity of the Trust I, the Group agreed to purchase and Hangzhou Industrial and Commerce Trust agreed to sell the 10% Wuxi Suyuan Shareholding and the entire equity interest of Hangzhou Hengxin 100 (which holds the 20% Wuxi Suyuan Shareholding and the RMB110,000,000 loan lent to Wuxi Suyuan) at variable considerations based on the fair value of Wuxi Suyuan or Hangzhou Hengxin 100 at the date of settlement, respectively, as detailed below:

(a) The consideration to purchase the 10% Wuxi Suyuan Shareholding would be (i) RMB90,000,000, if the fair value of the 10% Wuxi Suyuan Shareholding was lower than RMB90,000,000, or (ii) RMB90,000,000 plus 70% on the fair value in excess of RMB90,000,000, if the fair value of the 10% Wuxi Suyuan Shareholding was higher than RMB90,000,000. The Group had an option to early repurchase the 10% Wuxi Suyuan Shareholding after April 2010.

(b) The consideration to purchase the entire equity interest of Hangzhou Hengxin 100, would be (i) RMB170,000,000 plus a 15% annual rate of return, if the fair value of Hangzhou Hengxin 100 was lower than RMB170,000,000 plus a 15% annual rate of return, or (ii) RMB170,000,000 plus a 20% annual rate of return, if the fair value of Hangzhou Hengxin 100 was higher than RMB170,000,000 plus a 20% annual rate of return, or (iii) the fair value of Hangzhou Hengxin 100, if the fair value of Hangzhou Hengxin 100 was between RMB170,000,000 plus a 15% annual rate of return and RMB170,000,000 plus a 20% annual rate of return.

In September 2010, the Group entered into a supplementary agreement with Hangzhou Industrial and Commerce Trust to agree the final considerations as follows:

(a) The consideration to purchase the 10% Wuxi Suyuan Shareholding was agreed at RMB108,115,000 and settled during the year ended December 31, 2010.

(b) The consideration to purchase the entire equity interest of Hangzhou Hengxin 100 was agreed at RMB251,990,000 and settled during the year ended December 31, 2010.

The Wuxi loans for Hangzhou Industrial and Commerce Trust were accounted for as a combined hybrid financial instrument, containing the derivative component and the liability component. The liability component were designated by the Group as financial liability at fair value through profit and loss.

**The Yantai loans from Hangzhou Industrial and Commerce Trust**

The Yantai loans from Hangzhou Industrial and Commerce Trust have been provided in two batches as follows:

(a) Hangzhou Industrial and Commerce Trust lent loans amounting to RMB185,000,000 and RMB200,000,000 to Yantai Sunshine 100 in March and June 2013, respectively. The loan bears interests at 14.6% per annum and will be matured on March 25, 2015 and June 6, 2015, respectively.

(b) 30% shareholding of Yantai Sunshine 100 (the "30% Yantai Sunshine 100 Shareholding") was transferred from the Group to Hangzhou Industrial and Commerce Trust at a consideration of RMB15,000,000.

Pursuant to the Cooperation Agreement II, the Group and Hangzhou Industrial and Commerce Trust reached follow agreements as detailed below:

(a) Yantai Sunshine 100 or the Group has a right to early repay the loans amounted to RMB385,000,000 from the 13th month at the principal plus the outstanding interests.

(b) The Group has a call option to purchase 20% Yantai Sunshine 100 Shareholding in the first year at variable considerations as detailed below:

- If the call option was exercised and the principal was repaid at the maturity date, the consideration would be RMB10,000,000 plus a 15% annual rate of return;

- If the call option was exercised and the principal was repaid early, the consideration would be RMB10,000,000 plus a 18% annual rate of return.

(c) The Group has a call option to purchase 10% Yantai Sunshine 100 Shareholding after the first year before the maturity date at variable considerations as detailed below:

- If the call option was exercised and the principal was repaid at the maturity date, the consideration would be the consideration would be (i) the fair value of Yantai Sunshine 100 at the date of settlement, if the fair value was higher than RMB5,000,000 plus a 20% annual rate of return but lower than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests and the consideration of acquisition back of the 20% Yantai Sunshine 100 Shareholding or (ii) RMB5,000,000 plus a 20% annual rate of return, if the fair value of Yantai Sunshine 100 was lower than RMB5,000,000 plus a 20% annual rate of return, or (iii) RMB400,000,000 plus a 18% annual rate of return deduct repaid loans and interests, if the fair value was high than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests and the consideration of acquisition back of the 20% Yantai Sunshine 100 Shareholding;

- If the call option was exercised and the principal was repaid early, the consideration would be RMB5,000,000 plus a 40% annual rate of return.

(d) If the Group has not exercised the call option in the first year, the consideration to purchase back the 30% Yantai Sunshine 100 Shareholding would be:

- If the Group purchased back the 30% Yantai Sunshine 100 Shareholding at the maturity date, the consideration would be (i) the fair value of Yantai Sunshine 100 at the date of settlement, if the fair value was higher than RMB15,000,000 plus a 20% annual rate of return but lower than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests or (ii) RMB15,000,000 plus a 20% annual rate of return, if the fair value of Yantai Sunshine 100 was lower than RMB15,000,000 plus a 20% annual rate of return, or (iii) RMB400,000,000 plus a 18% annual rate of return deduct repaid loans and interests, if the fair value was high than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests;

- If the Group purchased back the 30% Yantai Sunshine 100 Shareholding before the maturity date, the consideration would be RMB15,000,000 plus a 40% annual rate of return.

The Yantai loans from Hangzhou Industrial and Commerce Trust were accounted for as a combined hybrid financial instrument, containing the derivative component and the liability component. The liability component were designated by the Group as financial liability at fair value through profit and loss.

Fair values of the derivative components and the liability component under the Cooperation Agreement II were valued by the directors with reference to the valuation reports issued by CBRE, using the Binomial tree model. Key assumptions and variables used in the valuation are as follow:

| | **Nine months ended September 30, 2013** |
|---|---|
| Total business value at the measurement date (RMB'000) | 125,507 |
| Expected volatility | 43.53% |
| Discount rate | 3.86% |
| Time to maturity | 3 years |
| Dividend yield | 0% |
| Risk-free interest rate | 3.86% |

**(c) The Group's and the Company's long-term loans and borrowings comprise:**

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | |
| Loans at fair value through profit or loss: | | | | |
| Loans from Riverside | 1,447,140 | 1,147,197 | 933,475 | 560,255 |
| Loans from Hangzhou Industrial and Commerce Trust | — | — | — | 37,264 |
| Sub-total | 1,447,140 | 1,147,197 | 933,475 | 597,519 |
| Loans and borrowings at amortized cost: | | | | |
| Bank loans — Secured | 2,570,237 | 3,001,110 | 3,363,659 | 3,801,213 |
| Loans from other financial institutions — Secured | 663,726 | 2,497,866 | 4,008,994 | 5,085,913 |
| Loans from third parties | | | | |
| — Secured | 276,888 | 140,058 | 137,131 | 33,058 |
| — Unsecured | — | — | 30,000 | 705,984 |
| Sub-total | 3,510,851 | 5,639,034 | 7,539,784 | 9,626,168 |
| Less: Current portion of long-term loans and borrowings: | | | | |
| Loans from Riverside | 1,447,140 | 1,147,197 | 933,475 | 560,255 |
| Bank loans | 952,740 | 1,137,070 | 2,358,361 | 1,156,103 |
| Loans from other financial institutions | 170,000 | 1,093,273 | 1,601,864 | 1,329,900 |
| Loans from third parties | 239,888 | 8,058 | 137,131 | 63,187 |
| Sub-total | 2,809,768 | 3,385,598 | 5,030,831 | 3,109,445 |
| | 2,148,223 | 3,400,633 | 3,442,428 | 7,114,242 |
| **The Company** | | | | |
| Loans from Riverside | 694,340 | 761,000 | 933,475 | 560,255 |
| Loans and borrowings at amortized cost: | | | | |
| Bank loans — Secured | — | 518,211 | 524,303 | — |
| Less: Current portion of long-term loans and borrowings: | | | | |
| Loans from Riverside | 694,340 | 761,000 | 933,475 | 560,255 |
| Bank loans | — | — | 524,303 | — |
| Sub-total | 694,340 | 761,000 | 1,457,778 | 560,255 |
| | — | 518,211 | — | — |

**(d) The Group's and the Company's short-term loans and borrowings comprise:**

| | Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | |
| Loans and borrowings at amortized cost: | | | | | |
| Bank loans | | | | | |
| — Secured | | 187,600 | 251,250 | 1,085,452 | 1,730,000 |
| Loans from other financial institutions | | | | | |
| — Secured | | 119,502 | — | 209,800 | 230,000 |
| Loans from related parties | 29(b) | | | | |
| — Unsecured | | 20,817 | 20,817 | 80,817 | 80,817 |
| — Secured | | — | 15,000 | 154,070 | 20,000 |
| Loans from third parties | | | | | |
| — Unsecured | | 151,000 | 91,000 | 145,001 | 709,144 |
| — Secured | | 280,000 | 100,233 | 46,053 | 47,565 |
| Sub-total | | 758,919 | 478,300 | 1,721,193 | 2,817,526 |
| Current portion of long-term loans and borrowings | | 2,809,768 | 3,385,598 | 5,030,831 | 3,109,445 |
| | | 3,568,687 | 3,863,898 | 6,752,024 | 5,926,971 |
| **The Company** | | | | | |
| Loans and borrowings at amortized cost: | | | | | |
| Bank loans | | | | | |
| — Secured | | — | — | 99,952 | 1,149,500 |
| Loans from related parties | | | | | |
| — Secured | | — | — | 134,070 | — |
| Sub-total | | — | — | 234,022 | 1,149,500 |
| Current portion of long-term loans and borrowings | | 694,340 | 761,000 | 1,457,778 | 560,255 |
| | | 694,340 | 761,000 | 1,691,800 | 1,709,755 |

**(e) The Group's and the Company's effective interest rates per annum on loans and borrowings at amortized cost are as follows:**

| | Years ended December 31, 2010 | Years ended December 31, 2011 | Years ended December 31, 2012 | Nine months ended September 30, 2013 |
|---|---|---|---|---|
| **The Group** | | | | |
| **Long-term** | | | | |
| Bank loans | 5.40%-6.63% | 2.71%-10.56% | 2.83%-10.64% | 6.15%-10.46% |
| Loans from other financial institutions | 10.52%-15.30% | 13.30%-16.00% | 11.00%-16.00% | 7.5%-14.64% |
| Loans from third parties | 10.00%-15.00% | 9.30%-15.00% | 10.00%-15.00% | 6.15%-15.00% |
| **Short-term** | | | | |
| Bank loans | 5.31% | 4.03%-14.70% | 3.50%-11.00% | 3.50%-13.00% |
| Loans from other financial institutions | 14.00% | — | 17.40% | 12.00% |
| Loans from related parties | 10.00% | 10.00% | 3.00%-10.00% | 3.50%-10.00% |
| Loans from third parties | 10.00%-24.00% | 7.10%-20.00% | 12.00%-20.00% | 6.15%-20.00% |

| | Years ended December 31, | | | Nine months ended September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **The Company** | | | | |
| **Long-term** | | | | |
| Bank loans | — | 2.71%-3.08% | 2.83%-3.09% | — |
| **Short-term** | | | | |
| Bank loans | — | — | 3.50% | 3.50% |
| Loans from related parties | — | — | 3.50% | — |

(f) **The Group's and the Company's loans and borrowings are repayable as follows:**

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | |
| Within 1 year or on demand | 3,568,687 | 3,863,898 | 6,752,024 | 5,926,971 |
| After 1 year but within 2 years | 1,065,692 | 3,026,566 | 2,021,755 | 5,041,723 |
| After 2 years but within 5 years | 1,038,831 | 341,367 | 331,743 | 1,313,823 |
| After 5 years | 43,700 | 32,700 | 1,088,930 | 758,696 |
| | 2,148,223 | 3,400,633 | 3,442,428 | 7,114,242 |
| | 5,716,910 | 7,264,531 | 10,194,452 | 13,041,213 |
| **The Company** | | | | |
| Within 1 year or on demand | 694,340 | 761,000 | 1,691,800 | 1,709,755 |
| After 1 year but within 2 years | — | 518,211 | — | — |
| | 694,340 | 1,279,211 | 1,691,800 | 1,709,755 |

(g) **The following items were pledged and entities or individuals provided guarantees to secure and guarantee certain loans and borrowings granted to the Group and the Company at each balance sheet date:**

(i)

| | Note | At December 31, | | | At September 30, |
|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | |
| Property and equipment | 11(b) | 327,097 | 294,576 | 306,421 | 290,552 |
| Investment properties | 12(c) | 1,224,468 | 1,446,636 | 559,917 | 1,310,205 |
| Properties under development and completed properties held for sale | 17(d) | 2,733,903 | 2,581,179 | 4,724,893 | 4,598,858 |
| Unlisted available-for-sale investment | 15 | 51,165 | — | — | — |
| Restricted deposits | 20 | 211,073 | 807,190 | 1,312,261 | 1,613,580 |
| | | 4,547,706 | 5,129,581 | 6,903,492 | 7,813,195 |

**The Company**

As at December 31, 2011 and 2012, and September 30, 2013, bank loans of the Company were secured by restricted deposits of Sunshine 100 Group of RMB561,129,000 and RMB661,130,000 and RMB915,000,000, respectively.

(ii) As at December 31, 2010, 2011 and 2012, and September 30, 2013, loans and borrowings amounted to RMB1,947,915,000, RMB2,733,808,000, RMB3,712,626,000 and RMB3,418,743,000, respectively, were secured by a charge over the shares of 14 subsidiaries of the Group, Hubei Sunshine 100, Yingda Weihua, Chengdu Sunshine 100, Hunan Sunshine 100, Chang Jia, Liaoning Sunshine 100, Dongying Shengxing, Liuzhou Sunshine 100, Wuxi Suyuan, Tianjin Sunshine 100, Weifang Sunshine 100, Yantai Sunshine 100, Chongqing Sunshine 100 and Jinan Sunshine 100.

(iii) As at December 31, 2010, 2011 and 2012, loans amounted to RMB60,000,000, RMB850,000,000 and RMB1,080,791,000, respectively, were guaranteed by Mr. Yi Xiaodi, the Chairman of the Group, and Ms. Xu Yunxia, the spouse of Mr. Yi Xiaodi.

(iv) As at December 31, 2010, 2011 and 2012, loans from a third party amounted to RMB228,130,000, RMB1,300,000 and RMB1,300,000 were secured by a charge over the investment in Jinan Sunshine 100 held by two entities controlled by the 8 individuals.

**(h) The Group has defaulted in the repayment of loans and borrowings as follows:**

(i)

| | Note | At December 31, | | | At September 30, |
|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Loans from third parties | (a) | | | | |
| — Principal payables | | 21,000 | — | — | — |
| — Interest payables | | 1,260 | — | — | — |
| | | 22,260 | — | — | — |
| Loan from Chongqing Yuneng Wanyi | (b) | | | | |
| — Principal payables | | 20,817 | 20,817 | 20,817 | 20,817 |
| — Interest payables | | 692 | 233 | 233 | 233 |
| | | 21,509 | 21,050 | 21,050 | 21,050 |
| | | 43,769 | 21,050 | 21,050 | 21,050 |

Notes:

(a) The loans from third parties were secured by a charge over the equity interest in Chengdu Sunshine 100 held by the Group as at December 31, 2010.

(b) The loan from Chongqing Yuneng Wanyi was not duly settled as the Group is in the process of negotiating certain transactions with the related party. It will be settled together with the mentioned transactions.

(ii) As at December 31, 2010, 2011 and 2012, and September 30, 2013, loans and borrowings amounted to RMB305,000,000, RMB110,000,000, RMB97,000,000 and RMB290,577,800 were reclassified as loans and borrowings payable on demand as certain subsidiaries of the Group breached certain loan covenants which permitted the lender to demand immediate repayments.

## 23 TRADE AND OTHER PAYABLES

| | Note | At December 31, | | | At September 30, |
|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | |
| Trade payables | (i) | 1,745,685 | 2,163,803 | 2,551,627 | 2,848,812 |
| Amounts due to related parties | 29(b) | 303,758 | 792,484 | 582,831 | 719,750 |
| Other payables | | 1,079,302 | 1,254,434 | 1,375,104 | 1,083,909 |
| Financial liabilities measured at amortized cost | | 3,128,745 | 4,210,721 | 4,509,562 | 4,652,471 |
| Receipts in advance | | 9,815 | 16,376 | 19,081 | 60,355 |
| Other taxes payable | | 89,762 | 100,723 | 85,003 | 90,774 |
| | | 3,228,322 | 4,327,820 | 4,613,646 | 4,803,600 |
| Less: non-current portion of trade payables | | 627,856 | 704,386 | 768,558 | 784,285 |
| non-current portion of other payables | (ii) | 47,186 | 104,824 | 104,824 | 104,824 |
| Sub-total | | 675,042 | 809,210 | 873,382 | 889,109 |
| | | 2,553,280 | 3,518,610 | 3,740,264 | 3,914,491 |
| **The Company** | | | | | |
| Amounts due to related parties | | — | — | — | 18,377 |

Notes:

(i) The ageing analysis of trade payables based on due date is as follows:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Due within 1 year or on demand | 1,117,829 | 1,459,417 | 1,783,069 | 2,064,527 |
| Due after 1 year but within 2 years | 151,183 | 411,237 | 355,764 | 322,608 |
| Due after 2 years but within 5 years | 476,673 | 293,149 | 412,794 | 461,677 |
| | 1,745,685 | 2,163,803 | 2,551,627 | 2,848,812 |

(ii) The non-current portion of other payables represented the consideration payables for acquisition of subsidiaries.

As at December 31, 2011, 2012 and September 30, 2013, RMB104,824,000 were pledged by the 100% equity interest of Lofty Talent and Eminent Star, and the 55% equity interest of Chang Jia, and will be due in 2016.

## 24 SALES DEPOSITS — THE GROUP

Sales deposits represented proceeds received on property unit sales that have not been recognized as revenue in accordance with the Group's revenue recognition policy.

## 25 CAPITAL AND RESERVES

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the opening and closing balances during the Relevant Period are set out below:

**The Company:**

| | Attributable to equity shareholders of the Company | | |
|---|---|---|---|
| | Share capital | Accumulated losses | Total |
| | RMB'000 Note 25(c) | RMB'000 | RMB'000 |
| At January 1, 2010 | 376 | (422,702) | (422,326) |
| Loss and total comprehensive income for the year | — | (219,076) | (219,076) |
| At December 31, 2010 | 376 | (641,778) | (641,402) |
| At January 1, 2011 | 376 | (641,778) | (641,402) |
| Loss and total comprehensive income for the year | — | (68,998) | (68,998) |
| At December 31, 2011 | 376 | (710,776) | (710,400) |
| At January 1, 2012 | 376 | (710,776) | (710,400) |
| Loss and total comprehensive income for the year | — | (274,813) | (274,813) |
| At December 31, 2012 | 376 | (985,589) | (985,213) |
| At January 1, 2013 | 376 | (985,589) | (985,213) |
| Loss and total comprehensive income for the period | — | (55,540) | (55,540) |
| At September 30, 2013 | 376 | (1,041,129) | (1,040,753) |
| ***(Unaudited)*** | | | |
| At January 1, 2012 | 376 | (710,776) | (710,400) |
| Loss and total comprehensive income for the period | — | (185,905) | (185,905) |
| At September 30, 2012 | 376 | (896,681) | (896,305) |

### (b) Dividends

The Company did not declare any dividends during the Relevant Period.

### (c) Share capital

As at December 31, 2010, 2011 and 2012, and September 30, 2013, the authorized, issued and paid share capital of the Company represented 50,000 ordinary shares of par value USD1.00 each.

**(d) Nature and purpose of reserves**

(i) General reserve fund

Pursuant to the Articles of Association of the Company's subsidiaries in the PRC, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the subsidiaries. This reserve fund can be utilized in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(ii) Fair value reserve

The fair value reserve represents the cumulative net change in the fair value of available-for-sale investment products held by the Group net of deferred tax, which is dealt with in accordance with the accounting policies set out in Notes 1(g) and 1(l).

(iii) Property revaluation reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for investment properties transferred from property and equipment in Note 1(i).

**(e) Distributability of reserves**

There was no reserve available for distribution to equity shareholders of the Company as at December 31, 2010, 2011 and 2012, and September 30, 2013.

**(f) Acquisition of non-controlling interests**

During the year ended December 31, 2010, the Group acquired non-controlling interests of Beijing Sunshine Star and Yantai Sunshine 100 with an aggregate book value of RMB5,172,000, at a total consideration of RMB5,300,000. The excess of consideration over the book value of RMB128,000 was treated as an equity transaction.

**(g) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can fund its development and construction of real estate properties, and continue to provide returns for equity shareholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which was unchanged during the Relevant Period, as defined by the Group, being the total of loans and borrowings divided by the total assets. As at December 31, 2010, 2011 and 2012, and September 30, 2013, the gearing ratio of the Group was 36.04%, 36.88%, 45.29% and 45.93%, respectively.

## 26 EMPLOYEE BENEFIT PLAN

The Group participates in a defined contribution retirement scheme established by the relevant local government authorities for its staff. The Group was required to make contributions to the retirement scheme at 14% to 20% of the gross salaries of its staff during the Relevant Period.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

## 27 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

(i) As at December 31, 2010, 2011 and 2012, and September 30, 2013, the Group has the following commitments in respect of properties under development and investment properties under construction not provided for in the Financial Information:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Contracted for | 1,011,179 | 2,217,254 | 1,915,283 | 1,546,982 |
| Approved but not contracted for | 3,317,519 | 4,457,000 | 4,251,503 | 5,786,450 |
| | 4,328,698 | 6,674,254 | 6,166,786 | 7,333,432 |

(ii) The Group's share of its associates' own capital commitment, which is not included above, is as follow:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Contracted for | 112,143 | 78,437 | 97,630 | 69,723 |
| Approved but not contracted for | 111,315 | 39,236 | 39,543 | 199,917 |
| | 223,458 | 117,673 | 137,173 | 269,640 |

### (b) Operating lease commitments

As at December 31, 2010, 2011 and 2012, and September 30, 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year | 32,771 | 24,470 | 23,699 | 14,210 |
| After 1 year but within 5 years | 58,012 | 23,685 | 47,153 | 34,506 |
| After 5 years | 4,185 | 2,656 | 17,360 | 12,979 |
| | 94,968 | 50,811 | 88,212 | 61,695 |

**(c) Guarantees**

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within two years after the property units are delivered to the buyers. The total amounts of mortgages outstanding which are guaranteed by the Group, were RMB3,304,367,000, RMB2,962,590,000, RMB3,041,527,000 and RMB4,149,097,000 as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively.

**(d) Warranty against defects of properties**

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the relevant PRC laws and regulations, and these warranties are covered by back-to-back warranties provided by the relevant contractors of the projects.

**(e) Legal contingencies**

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity, or operating results of the Group.

**(f) Investment properties and properties held for sale**

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

| | At December 31, | | | At September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year | 22,683 | 45,579 | 38,538 | 61,506 |
| After 1 year but within 5 years | 95,483 | 147,020 | 149,359 | 342,431 |
| After 5 years | 81,397 | 95,897 | 253,862 | 712,435 |
| | 199,563 | 288,496 | 441,759 | 1,116,372 |

## 28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The receivable from the Group's largest customer accounted for 26%, 21%, 18% and 16% of total trade and other receivables as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in Notes 22(g) and 27(c), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Notes 27(c) and 29(d).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 19.

### (b) Liquidity risk

Historically, the Group relied to a great extent on proceeds received from pre-sale of property units (sold in advance of the completion of the real estate projects) to fund its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's expansion plans and operations might need to be curtailed.

Sunshine 100 Group is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet dates of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet dates) and the earliest date the Group can be required to pay:

| | Contractual undiscounted cash outflow | | | | | |
|---|---|---|---|---|---|---|
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Balance sheet carrying amount |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | | |
| **At December 31, 2010** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | 2,448,009 | 1,968,772 | 1,087,314 | 51,171 | 5,555,266 | 4,957,991 |
| — Short-term | 784,105 | — | — | — | 784,105 | 758,919 |
| Contract retention payables | 36,089 | 24,729 | 31,340 | 1,222 | 93,380 | 93,380 |
| Financial liabilities measured at amortized cost | 2,459,906 | 207,183 | 476,673 | — | 3,143,762 | 3,128,745 |
| | 5,728,109 | 2,200,684 | 1,595,327 | 52,393 | 9,576,513 | 8,939,035 |
| **At December 31, 2011** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | 3,862,837 | 3,231,568 | 370,355 | 36,635 | 7,501,395 | 6,786,231 |
| — Short-term | 493,674 | — | — | — | 493,674 | 478,300 |
| Contract retention payables | 57,234 | 63,747 | 61,282 | 548 | 182,811 | 182,811 |
| Financial liabilities measured at amortized cost | 3,404,405 | 411,238 | 397,972 | — | 4,213,615 | 4,210,721 |
| | 7,818,150 | 3,706,553 | 829,609 | 37,183 | 12,391,495 | 11,658,063 |
| **At December 31, 2012** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | 5,193,267 | 2,458,611 | 783,974 | 1,215,421 | 9,651,273 | 8,473,259 |
| — Short-term | 1,809,190 | — | — | — | 1,809,190 | 1,721,193 |
| Contract retention payables | 63,490 | 55,393 | 62,189 | 341 | 181,413 | 181,413 |
| Financial liabilities measured at amortized cost | 3,636,180 | 355,764 | 517,618 | — | 4,509,562 | 4,509,562 |
| | 10,702,127 | 2,869,768 | 1,363,781 | 1,215,762 | 16,151,438 | 14,885,427 |
| **At September 30, 2013** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | 3,462,842 | 6,064,013 | 1,610,216 | 849,125 | 11,986,196 | 10,223,687 |
| — Short-term | 2,906,348 | — | — | — | 2,906,348 | 2,817,526 |
| Contract retention payables | 62,797 | 59,537 | 146,795 | — | 269,129 | 269,129 |
| Financial liabilities measured at amortized cost | 3,763,362 | 322,608 | 566,501 | — | 4,652,471 | 4,652,471 |
| | 10,195,349 | 6,446,158 | 2,323,512 | 849,125 | 19,814,144 | 17,962,813 |

| | Contractual undiscounted cash outflow | | | | | |
|---|---|---|---|---|---|---|
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Balance sheet carrying amount |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Company** | | | | | | |
| **At December 31, 2010** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | — | 800,000 | — | — | 800,000 | 694,340 |
| Financial liabilities at amortized cost | 7,014 | — | — | — | 7,014 | 7,014 |
| | 7,014 | 800,000 | — | — | 807,014 | 701,354 |
| **At December 31, 2011** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | 863,748 | 523,677 | — | — | 1,387,425 | 1,279,211 |
| Financial liabilities at amortized cost | 13,800 | — | — | — | 13,800 | 13,800 |
| | 877,548 | 523,677 | — | — | 1,401,225 | 1,293,011 |
| **At December 31, 2012** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | 1,224,561 | 135,000 | — | — | 1,359,561 | 1,457,778 |
| — Short-term | 240,277 | — | — | — | 240,277 | 234,022 |
| Financial liabilities at amortized cost | 45,250 | — | — | — | 45,250 | 45,250 |
| | 1,510,088 | 135,000 | — | — | 1,645,088 | 1,737,050 |
| **At September 30, 2013** | | | | | | |
| Loans and borrowings | | | | | | |
| — Long-term | — | 453,411 | — | — | 453,411 | 560,255 |
| — Short-term | 1,164,491 | — | — | — | 1,164,491 | 1,149,500 |
| Financial liabilities measured at amortized cost | 82,267 | — | — | — | 82,267 | 82,267 |
| | 1,246,758 | 453,411 | — | — | 1,700,169 | 1,792,022 |

**(c) Interest rate risk**

The interest rates of the Group's loans and borrowings are disclosed in Note 22(e). The annual interest rates of the Group's deposits at bank ranged from 0.36% to 3.87%, 0.50% to 3.10%, 0.35% to 2.85% and 0.35% to 2.85% as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively.

The interest rate profile of the Group's interest-bearing financial instruments was:

| | At December 31, | | | At September 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Fixed rate instruments** | | | | |
| Loans and borrowings at amortized cost | 1,699,533 | 2,096,224 | 4,770,506 | 7,132,153 |
| **Variable rate instruments** | | | | |
| Loans and borrowings at amortized cost | 2,570,237 | 4,021,110 | 4,490,471 | 5,311,541 |

As at December 31, 2010, 2011 and 2012, and September 30, 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates for loans and borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB714,000, RMB4,529,000, RMB8,988,000 and RMB11,578,000, respectively, and would increase/decrease the Group's properties under development and completed properties held for sale, investment properties, property and equipment and land development for sale, by approximately RMB24,750,000, RMB34,172,000, RMB32,921,000 and RMB37,678,000, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet dates and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet dates.

The sensitivity analysis is performed on the same basis during the Relevant Period.

**(d) Currency risk**

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through The People's Bank of China ("PBOC") or other institutions authorized to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on cash and cash equivalents denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results.

As at December 31, 2010, 2011 and 2012, and September 30, 2013, no significant assets or liabilities was denominated in a currency other than the functional currency of the entity to which they relate and, therefore, any increase or decrease in foreign exchange rate against functional currency, assuming such change had occurred as at December 31, 2010, 2011 and 2012, and September 30, 2013, would not have a significant impact on the Group's results of operation and financial position.

**(e) Fair values**

(i) Financial assets and liabilities measured at fair value

Fair valued hierarchy

The following table presents the fair value of financial instruments measured at the balance sheet dates on a recurring loans, categorized into the three level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager who is responsible for engaging external valuers to perform valuations for the financial instruments, including unlisted available-for-sale investment and loans at fair value through profit or loss which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the external valuers at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

| | Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **The Group** | | | | | |
| **Recurring fair value measurements** | | | | | |
| **Level 3** | | | | | |
| **Assets** | | | | | |
| Available-for-sale investment, unlisted | 15 | 51,165 | 51,264 | — | — |
| **Liabilities** | | | | | |
| Loans at fair value through profit or loss: | | | | | |
| — Loans from Riverside | 22(a) | 1,447,140 | 1,147,197 | 933,475 | 560,255 |
| — Loans from Hangzhou Industrial and Commerce Trust | 22(b) | — | — | — | 37,264 |
| | | 1,447,140 | 1,147,197 | 933,475 | 597,519 |
| **The Company** | | | | | |
| **Recurring fair value measurements** | | | | | |
| **Level 3** | | | | | |
| **Liabilities** | | | | | |
| Loans at fair value through profit or loss: | | | | | |
| — Loans from Riverside | 22 | 694,340 | 761,000 | 933,475 | 560,255 |

Information about Level 3 fair value measurements

| | Year ended December 31, 2010 | | | |
|---|---|---|---|---|
| | **Valuation techniques** | **Significant unobservable inputs** | **Range** | **Weighted average** |
| Loans at fair value through profit or loss — Loans from Riverside | Trinomial option pricing model/Black-Scholes model/ discounted cash flow method | Expected volatility | 52.42% to 61.27% | 57.10%/ 56.47%/ 55.86% |

| | Year ended December 31, 2011 | | | |
|---|---|---|---|---|
| | **Valuation techniques** | **Significant unobservable inputs** | **Range** | **Weighted average** |
| Loans at fair value through profit or loss — Loans from Riverside | Trinomial option pricing model/Black-Scholes model/ discounted cash flow method | Expected volatility | 30.47% to 49.08% | 39.71%/ 44.86% |

| | Year ended December 31, 2012 | | | |
|---|---|---|---|---|
| | **Valuation techniques** | **Significant unobservable inputs** | **Range** | **Weighted average** |
| Loans at fair value through profit or loss — Loans from Riverside | Black-Scholes model/ discounted cash flow method | Expected volatility | 33.20% to 45.51% | 40.36% |

| | Nine months ended September 30, 2012 (unaudited) | | | |
|---|---|---|---|---|
| | **Valuation techniques** | **Significant unobservable inputs** | **Range** | **Weighted average** |
| Loans at fair value through profit or loss — Loans from Riverside | Black-Scholes model/ discounted cash flow method | Expected volatility | 31.37% to 45.88% | 41.00% |

| | Nine months ended September 30, 2013 | | | |
|---|---|---|---|---|
| | **Valuation techniques** | **Significant unobservable inputs** | **Range** | **Weighted average** |
| Loans at fair value through profit or loss | | | | |
| — Loans from Riverside | Discounted cash flow method | Expected volatility | not applicable | not applicable |
| — Loans from Hangzhou Industrial and Commerce Trust | Binomial Tree model | Expected volatility | 28.15% to 61.87% | 43.53% |

The fair value of loans from Riverside is determined using the Trinomial option pricing model, Black-Scholes model and discounted cash flow method and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. For the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012, it is estimated that with all other variables held constant, an increase in the expected volatility by 1% would have decreased the Group's net profit by RMB1,637,000, RMB824,000, RMB1,375,000 and RMB512,000 (unaudited), respectively; an decrease in the expected volatility by 1% would have increase the Group's net profit by RMB1,635,000, RMB1,105,000, RMB1,375,000 and RMB502,000 (unaudited), respectively.

The fair value of loans from Hangzhou Industrial and Commerce Trust is determined using binomial tree model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. For the nine months ended September 30, 2013, it is estimated that with all other variables held constant, an increase in the expected volatility by 1% would have no effect of the Group's net profit; an decrease in the expected volatility by 1% would have increase the Group's net profit by RMB70,000.

The fair value of all derivative financial instruments is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The methods, key assumptions and variables used are disclosed in Notes 22(a) and 22(b).

During the Relevant Period, the movement on the balances of level 3 fair value measurements is as follows:

Available-for-sale investment, unlisted:

| | Years ended December 31, | | | Nine months ended September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, | 51,586 | 51,165 | 51,264 | — |
| Acquisition | — | — | — | 69,000 |
| Change in fair value recognized in other comprehensive income during the year/period | (421) | 99 | (1,264) | — |
| Proceeds from disposal | — | — | (50,000) | (69,000) |
| At December 31,/ September 30, | 51,165 | 51,264 | — | — |

Loans at fair value through profit or loss:

| | Years ended December 31, | | | Nine months ended September 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, | 1,516,900 | 1,447,140 | 1,147,197 | 933,475 |
| Proceeds | — | — | — | 15,000 |
| Change in fair value recognized in profit or loss during the year/period | 194,447 | 166,476 | 208,926 | 49,044 |
| Repayment | (264,207) | (466,419) | (422,648) | (400,000) |
| At December 31,/ September 30, | 1,447,140 | 1,147,197 | 933,475 | 597,519 |

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at December 31, 2010, 2011 and 2012, and September 30, 2013.

## 29 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

The principal transactions which were carried out in the ordinary course of business are as follows:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Advances provided to/(received from) | | | | | |
| — Associates | 4,227 | 10,555 | 54,966 | 58,898 | 265,828 |
| — Entities controlled by the 8 individuals | — | (34,422) | 127,570 | 102,888 | (131,410) |
| — Entities under control of Ms. Fan Xiaohua | 1,912 | (5,947) | 349,980 | 108,446 | 93,060 |
| — Entities under significant influence of 8 individuals | (102) | (11,522) | 2,519 | 8,973 | 46,482 |
| — Entities under control of the key management personnel of the Group | 44,161 | 3,650 | 15,151 | — | 27,451 |
| — Member of the key management personnel of the Group | — | 20,000 | — | — | — |
| Repayment of advances(from)/to | | | | | |
| — Associates | — | — | 14,783 | 5,961 | 27,772 |
| — Entities controlled by the 8 individuals | (122,930) | (151,760) | 46,972 | 2,467 | (137,854) |
| — Entities under control of Ms. Fan Xiaohua | (2,029) | (4,856) | 22,067 | 47,283 | (152,845) |
| — Entities under significant influence of 8 individuals | 4,308 | — | 2,106 | 16,112 | 24,038 |
| — Entities under control of the key management personnel of the Group | — | (1,275) | (91,329) | (97,119) | 1,000 |
| — Member of the key management personnel of the Group | (2,869) | — | (20,000) | (20,000) | — |
| Loans received from | | | | | |
| — Member of the key management personnel of the Group | — | 15,000 | 5,000 | — | — |
| — Entities under control of Ms. Fan Xiaohua | — | — | 60,000 | — | — |
| Interest repaid to | | | | | |
| — An associate | 2,060 | 2,744 | 2,751 | 2,067 | 677 |
| — Member of the key management personnel of the Group | — | — | 2,064 | 1,010 | 3,594 |
| Interest expense charged by | | | | | |
| — An associate | 2,519 | 2,744 | 2,751 | 2,060 | 2,052 |
| — Member of the key management personnel of the Group | — | 218 | 1,846 | 1,382 | 1,392 |
| Consideration on disposal of a subsidiary | | | | | |
| — Entity controlled by the 8 individuals | 90,000 | — | — | — | — |
| —Entity under control of Ms. Fan Xiaohua | — | — | — | — | 10,000 |

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Consideration on acquisition of non-controlling interests | | | | | |
| — Entity under control of Ms. Fan Xiaohua | 5,000 | — | — | — | — |
| Consideration on acquisition of an associate | | | | | |
| — Entities controlled by the 8 individuals | — | — | — | — | 300,000 |
| Distribution to non-controlling interests | — | 141,129 | — | — | — |
| Payment of distribution to non-controlling interests | — | — | 141,129 | 141,129 | — |
| Rental charged by | | | | | |
| — Entity under significant influence of the 8 individuals | 2,583 | 2,686 | 2,686 | 2,014 | 2,014 |
| Property management income charge to | | | | | |
| — Entity under significant influence of the 8 individuals | 1,656 | 1,091 | 932 | 466 | 751 |
| Late payment penalty charged by | | | | | |
| — Entity under significant influence of the 8 individuals | 6,976 | 7,145 | 7,300 | 5,475 | 5,475 |
| Associate acquired from | | | | | |
| — Entity controlled by the 8 individuals | 6,000 | — | — | — | — |
| Rental charged to | | | | | |
| — Entity under control of Ms. Fan Xiaohua | — | 11,286 | 14,761 | 4,436 | 7,253 |

**(b) Outstanding balances with related parties**

**The Group**

| | Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At September 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Amounts due from | | | | | |
| — Associates | | 41,056 | 89,222 | 145,781 | 421,469 |
| — Entities controlled by the 8 individuals | | 287,401 | 90,935 | 239,865 | 102,009 |
| — Entities under control of Ms. Fan Xiaohua | | 64,371 | 342,742 | 680,308 | 672,623 |
| — Entities under significant influence of Mr. Yi Xiaodi | | 3,028 | 3,925 | 5,623 | 49,000 |
| — Entities under control of the key management personnel of the Group | | 153,499 | 156,124 | 79,946 | 107,997 |
| — Member of the key management personnel of the Group | | — | 20,000 | — | — |
| | 19/(i)/(iii) | 549,355 | 702,948 | 1,151,523 | 1,353,098 |
| Amounts due to | | | | | |
| — Associates | | 3,351 | 40,963 | 27,772 | 11,236 |
| — Entities controlled by the 8 individuals | | 92,281 | 142,920 | 117,308 | 248,717 |
| — Entities under control of Ms. Fan Xiaohua | | 92,316 | 375,892 | 342,161 | 384,262 |
| — Entity under significant influence of Mr. Yi Xiaodi | | 115,060 | 90,580 | 94,590 | 74,935 |
| — Entity under control of the key management personnel of the Group | | 750 | 142,129 | 1,000 | 600 |
| | 23/(ii)/(iii) | 303,758 | 792,484 | 582,831 | 719,750 |
| Loans payable to | | | | | |
| — An associate | (iv) | 20,817 | 20,817 | 20,817 | 20,817 |
| — Member of the key management personnel of the Group | (v) | — | 15,000 | 20,000 | 20,000 |
| — Entity under control of Ms. Fan Xiaohua | (vi) | — | — | 60,000 | 60,000 |
| — Entity controlled by the 8 individuals | (vii) | — | — | 134,070 | — |
| | 22(d) | 20,817 | 35,817 | 234,887 | 100,817 |

Notes:

(i) The balances as at the balance sheet dates mainly represented the advances provided to related parties.

(ii) The balances as at the balance sheet dates mainly represented the advances obtained from related parties.

(iii) The balances were interest-free, unsecured and had no fixed terms of repayment.

(iv) The loan was borrowed by Chongqing Yuneng 100 from Chongqing Yuneng Wanyi, bearing an interest rate at 10% per annum and had matured on September 5, 2008.

(v) The loan was borrowed by Hunan Sunshine 100 from Wu Lei, a member of the key management personnel of the Group, bearing an interest rate of 9.84% per annum with a mature date on December 23, 2013.

(vi) The loan was borrowed by Guangxi Vantone from Guangxi Vantone Pharmaceutics Co., Ltd., an entity under control of Ms. Fan Xiaohua, bearing an interest rate at 3% per annum and had matured on January 3, 2014.

(vii) The loan was borrowed by the Company for Wayfine Holdings Limited, bearing an interest rate of 3.5% per annum with a mature date on September 1, 2013.

**(c) Key management personnel remuneration**

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 6, and certain of the highest paid employees as disclosed in Note 7, is as follows:

| | Years ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2012** | **2013** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000 (unaudited)** | **RMB'000** |
| Salaries, wages and other benefits | 11,777 | 15,183 | 16,151 | 5,847 | 7,649 |
| Contributions to defined contribution retirement plan | 156 | 205 | 239 | 159 | 179 |
| | 11,933 | 15,388 | 16,390 | 6,006 | 7,828 |

Total remuneration is included in "Staff costs" (see Note 4(b)).

**(d) Other related party transactions**

The Group pledged certain investment properties with carrying value of RMB73,449,000, RMB76,255,000, RMB77,303,000 and RMB78,955,000, as at December 31, 2010, 2011 and 2012, and September 30, 2013, respectively, as collaterals for banking facilities provided to Guangxi Vantone Pharmaceutics Co., Ltd., an entity under control of Ms. Fan Xiaohua. The pledge period ranged usually 3 years.

As at December 31, 2010, 2011 and 2012, and September 30, 2013, certain loans were guaranteed by Mr. Yi Xiaodi and Ms. Xu Yunxia, and secured by a charge over the investment in Jinan Sunshine 100 held by two entities controlled by the 8 individuals, respectively (see Note 22(g) (iii) and (iv), respectively).

## 30 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

### (a) The Group acquired following major subsidiaries during the Relevant Period:

(i) Yingda Weihua

During the year ended December 31, 2010, the Group entered into an equity transfer agreement with third parties and acquired an additional of 21% equity interest in Yingda Weihua, which is engaged in the development of Shenyang Sunshine 100 Golf Mansion project. From then on, Yingda Weihua has been accounted for as a subsidiary of the Company.

(ii) Chang Jia

During the year ended December 31, 2011, the Group acquired 55% equity interest in Chang Jia, which is engaged in the development of QingYuan project, through its subsidiaries in Hong Kong and the PRC. From then on, Chang Jia and its subsidiaries have been accounted for as subsidiaries of the Company.

Yingda Weihua and Chang Jia are principally engaged in the property development. The assets acquired and liabilities assumed did not constitute a business as defined in IFRS 3 and, therefore, the acquisitions have been accounted for as assets acquisitions. The acquisitions had the following effects on the Group's assets and liabilities on the acquisition dates:

| | Note | Yingda Weihua RMB'000 | Chang Jia RMB'000 |
|---|---|---|---|
| Property and equipment | 11 | 637 | 318 |
| Properties under development and completed properties held for sale | | 67,429 | 803,733 |
| Trade and other receivables | | 15,996 | 155,996 |
| Cash and cash equivalents | | 324 | 17,001 |
| Trade and other payables | | (64,386) | (649,775) |
| Net assets | | 20,000 | 327,273 |
| Non-controlling interests | | (9,800) | (147,273) |
| Amount attributable to the Group and previously classified as interest in an associate | | (6,000) | — |
| Total consideration | | 4,200 | 180,000 |
| Cash paid during the year | | (4,200) | (180,000) |
| Cash acquired during the year | | 324 | 17,001 |
| Net cash outflow included in the consolidated cash flow statements | | (3,876) | (162,999) |

(iii) Jinan Sunshine 100

As disclosed in Note 13(x), Jinan Sunshine 100 was became and accounted for as a subsidiary of the Group from September 1, 2013.

Jinan Sunshine 100 is a major property developer in the Jinan market. Taking control of Jinan Sunshine 100 will enable the Group to have exposure to this market through local expertise.

In the one month ended September 30, 2013, Jinan Sunshine 100 contributed revenue of RMB 8,701,000 and loss of RMB1,610,000 to the Group's results for the nine months ended September 30, 2013. If the acquisition had occurred on January 1, 2013, management estimates that consolidated revenue would have been RMB45,646,000, and consolidated profit for the nine months ended September 30, 2013 would have been RMB3,990,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2013.

During the business combination, no consideration was transferred and no acquisition-related costs were incurred.

(a) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

| | Note | Jinan Sunshine 100 RMB'000 |
|---|---|---|
| Property and equipment | 11 | 299,895 |
| Properties under development and completed properties held for sale | | 2,050,919 |
| Investment properties | 12 | 531,320 |
| Deferred tax assets | 16(b) | 96,307 |
| Trade and other receivables | | 144,580 |
| Cash and cash equivalents | | 352,208 |
| Trade and other payables | | (1,566,333) |
| Loans and borrowings | | (1,086,000) |
| Deferred tax liabilities | 16(b) | (213,031) |
| Total identifiable net assets acquired | (b) | 609,865 |
| Cash acquired during the period | | 352,208 |
| Cash paid during the period | | (300,000) |
| Net cash inflow including in the consolidated cash flow statements | | 52,208 |

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

| Assets acquired | Valuation technique |
|---|---|
| Property, plant and equipment | *Market comparison technique*: The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. |
| Property under development and completed properties held for sale | *Market comparison technique and cost technique*: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |

(b) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

| | Note | Jinan Sunshine 100 RMB'000 |
|---|---|---|
| Consideration transferred | | — |
| NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities | | 311,031 |
| Fair value of pre-existing interests in Jinan Sunshine 100 | | 298,834 |
| Fair value of identifiable net assets | (a) | (609,865) |
| Goodwill | | — |

**(b) The Group disposed and lost control of following major subsidiaries during the Relevant Period:**

(i) Yantai Investment

During the year ended December 31, 2010, the Group entered into an equity transfer agreement with an entity controlled by the 8 individuals and disposed the entire equity interest in Yantai Investment, which was an investment holding company and invested in certain financial assets.

(ii) Chongqing Zhengheng Materials Co., Ltd. ("Chongqing Zhengheng")

During the year ended December 31, 2010, the Group entered into an equity transfer agreement with a third party and disposed the entire equity interest in Chongqing Zhengheng, which was engaged in the trading of construction material.

These disposals had the following effects on the Group's assets and liabilities on the disposal dates:

| | Note | Yantai Investment RMB'000 | Chongqing Zhengheng RMB'000 |
|---|---|---|---|
| Other financial assets | | 60,000 | — |
| Deferred tax assets | 16(b) | 7,078 | — |
| Trade and other receivables | | 130,250 | 9,173 |
| Cash and cash equivalents | | 43 | 118,199 |
| Trade and other payables | | (15,926) | (122,856) |
| Loans and borrowings in non-current liabilities | | (110,000) | — |
| Net assets | | 71,445 | 4,516 |
| Non-controlling interests | | (7,398) | — |
| Gain on disposal of subsidiaries | | 25,953 | 484 |
| Total consideration | | 90,000 | 5,000 |
| Cash received during the year | | 35,577 | — |
| Cash disposed during the year | | (43) | (118,199) |
| Net cash inflow/(outflow) included in the consolidated cash flow statements | | 35,534 | (118,199) |

## 31 CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgments used in preparing the accounts are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

### (a) Land appreciation taxes

The PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC which has been included in income tax of the Group. However, the Group has not finalized its land appreciation tax returns with the tax authorities for certain property development projects of the Group. Accordingly, significant judgment is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

**(b) Provision for properties under development and completed properties held for sale**

As explained in Note 1(n), the Group's properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in provision for properties under development and completed properties held for sale. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the balance sheet dates. Any increase or decrease in the provision would affect profit or loss in future periods.

**(c) Recognition and allocation of construction cost on properties under development**

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future periods.

**(d) Impairment for property and equipment**

If circumstances indicate that the net book value of a property or equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized to reduce the carrying amount to the recoverable amount in accordance with the accounting policy for impairment of property and equipment as described in Note 1(l)(ii). The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of future income and operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of future income and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

**(e) Valuation of investment properties**

As described in Note 12(a), investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidence of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the balance sheet date or where appropriate, a method of valuation which involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, the management has exercised their judgment and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the respective balance sheet dates.

**(f) Impairment for loans and receivables**

The Group estimates impairment losses for loans and receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the ageing of the loans and receivables balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

**(g) Fair value of financial instruments**

For financial liabilities designated at fair value through profit or loss, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, maturities credit spreads and historical volatilities. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is estimated based on the risk free interest rate plus credit spread of comparable bonds with similar credit rating, coupons and maturities. Where binomial tree techniques re med to generate contingent payoff w.r.t contractual terms to calculated the fair value of derivatives component in risk-natural environment. Where other pricing models are used, inputs are based on observable market data at each balance sheet date.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

## 32 PARENT AND ULTIMATE HOLDING COMPANY

As at December 31, 2010, 2011 and 2012, and September 30, 2013, the directors considered that the parent company of the Company is Joywise, a company with limited liability incorporated in the BVI on January 8, 2007. The ultimate holding company is Harvest Well Holdings Limited, a company with limited liability incorporated in the BVI on March 9, 2007. These entities do not produce financial statements available for public use.

## 33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD BEGINNING ON JANUARY 1, 2013

Up to the date of issue of this report, the IASB has issued a number of amendments and new standards which are not yet effective for the period beginning on January 1, 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities* | January 1, 2014 |
| Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities* | January 1, 2014 |
| Amendments to IAS 36, *impairment of assets- Recoverable amount disclosures for non-financial assets* | January 1, 2014 |
| Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting* | January 1, 2014 |
| IFRIC 21, *Levies* | January 1, 2014 |
| Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions* | July 1, 2014 |
| *Annual improvements to IFRSs 2010-2012 cycle* | July 1, 2014 |
| *Annual improvements to IFRSs 2011-2013 cycle* | July 1, 2014 |
| IFRS 14, *Regulatory deferral accounts*<br>Basis for conclusions on IFRS 14<br>Illustrative examples on IFRS 14 | January 1, 2016 |
| IFRS 9, *Financial instruments* (2009)<br>Basis for conclusions on IFRS 9 (2009)<br>Amendments to other IFRSs and guidance on IFRS 9 (2009) | Unspecified |
| IFRS 9, *Financial instruments* (2010)<br>Basis for conclusions on IFRS 9 (2010)<br>Implementation guidance on IFRS 9 (2010) | Unspecified |
| Amendments to IFRS 9, *Financial instruments* and IFRS 7 *Financial instruments: Disclosure – Mandatory effective date and transition disclosures* | Unspecified |
| IFRS 9, *Financial instruments: Hedge accounting* and *amendments to IFRS9, IFRS7 and IAS 39 (2013)*<br>Basis for conclusions on IFRS 9 (2013)<br>Implementation guidance on IFRS 9 (2013) | Unspecified |

The Group is in process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Financial Information.

## 34 STATUTORY FINANCIAL STATEMENTS OF SUBSIDIARIES

The statutory financial statements of following subsidiaries of the Company for each of the three years ended December 31, 2010, 2011 and 2012, or since their respective dates of establishment or acquisitions by the Group, where this is a shorter period, were audited by following auditors:

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| 1 Guangxi Vantone<br>廣西萬通房地產有限公司 | Year ended December 31, 2010 | Beijing Yongtuo Certified Public Accountants Co., Ltd. Guangxi Branch<br>(北京永拓會計師事務所有限責任公司廣西分所) |
| | Year ended December 31, 2011 | Beijing Yongtuo Certified Public Accountants Co., Ltd. Guangxi Branch<br>(北京永拓會計師事務所有限責任公司廣西分所) |
| | Year ended December 31, 2012 | Beijing Yongtuo Certified Public Accountants Co., Ltd. Guangxi Branch<br>(北京永拓會計師事務所有限責任公司廣西分所) |
| 2 Sunshine 100 Group<br>陽光壹佰置業集團有限公司 | Year ended December 31, 2010 | Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.<br>(北京東審鼎立國際會計師事務所有限責任公司) |
| | Year ended December 31, 2011 | Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.<br>(北京東審鼎立國際會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.<br>(北京東審鼎立國際會計師事務所有限責任公司) |
| 3 Beijing Sunshine 100 Property Services<br>北京陽光壹佰物業服務有限公司 | Year ended December 31, 2010 | Zhong Ping Jian Hua Hao Certified Public Accountants<br>(中平建華浩會計師事務所有限公司) |
| | Year ended December 31, 2011 | Zhong Ping Jian Hua Hao Certified Public Accountants<br>(中平建華浩會計師事務所有限公司) |
| | Year ended December 31, 2012 | Zhong Ping Jian Hua Hao Certified Public Accountants<br>(中平建華浩會計師事務所有限公司) |
| 4 Beijing Yibang<br>北京益邦房地產開發有限公司 | Year ended December 31, 2010 | Beijing Shuangdou Certified Public Accountants Co., Ltd.<br>(北京雙鬥會計師事務所（普通合夥）) |
| | Year ended December 31, 2011 | Beijing Shuangdou Certified Public Accountants Co., Ltd.<br>(北京雙鬥會計師事務所（普通合夥）) |
| | Year ended December 31, 2012 | Beijing Shuangdou Certified Public Accountants Co., Ltd.<br>(北京雙鬥會計師事務所（普通合夥）) |
| 5 Chongqing Sunshine 100 Property Services<br>重慶陽光壹佰物業服務有限公司 | Year ended December 31, 2010 | Chongqing Jindi Anyue Certified Public Accountants<br>(重慶金地安越會計師事務所) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| | Year ended December 31, 2011 | Chongqing Jindi Anyue Certified Public Accountants (重慶金地安越會計師事務所) |
| | Year ended December 31, 2012 | Chongqing Jindi Anyue Certified Public Accountants (重慶金地安越會計師事務所) |
| 6 Chongqing Yuneng 100 重慶渝能壹佰房地產開發有限公司 | Year ended December 31, 2010 | Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd. (北京東審鼎立國際會計師事務所有限責任公司) |
| | Year ended December 31, 2011 | Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd. (北京東審鼎立國際會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd. (北京東審鼎立國際會計師事務所有限責任公司) |
| 7 Luen Thai (Qing Yuan) 聯泰（清遠）房地產有限公司 | Year ended December 31, 2011 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| | Year ended December 31, 2012 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| 8 Gold Leader (Qing Yuan) 金倫（清遠）置業有限公司 | Year ended December 31, 2011 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| | Year ended December 31, 2012 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| 9 Qing Yuan Delun 清遠德倫置業有限公司 | Year ended December 31, 2011 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| | Year ended December 31, 2012 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| 10 Qing Yuan Liantou Properties 清遠聯投置業有限公司 | Year ended December 31, 2011 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| | Year ended December 31, 2012 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| 11 Qingyuan Weitai 清遠威泰置業有限公司 | Year ended December 31, 2011 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| | Year ended December 31, 2012 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| 12 Rich Hope (QY) 威康（清遠）置業有限公司 | Year ended December 31, 2011 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| | Year ended December 31, 2012 | Qingyuan Zhong Heng Partnership Certified Public Accountants (清遠市中衡合夥會計師事務所) |
| 13 Guilin Pingle Sunshine 100 桂林平樂陽光壹佰置業有限公司 | Period from May 5, 2010 to December 31, 2010 | Guangxi Lixin Certified Public Accountants Co., Ltd. (廣西立信會計師事務所有限責任公司) |
| | Year ended December 31, 2011 | Guangxi Lixin Certified Public Accountants Co., Ltd. (廣西立信會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Guangxi Lixin Certified Public Accountants Co., Ltd. (廣西立信會計師事務所有限責任公司) |
| 14 Gulin Nonglinye 桂林平樂陽光壹佰農林業有限公司 | Period from July 18, 2011 to December 31, 2011 | Guangxi Lixin Certified Public Accountants Co., Ltd. (廣西立信會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Guangxi Lixin Certified Public Accountants Co., Ltd. (廣西立信會計師事務所有限責任公司) |
| 15 Li Jin Hotel 廣西儷錦酒店投資管理有限公司 | Period from December 1, 2011 to December 31, 2011 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| 16 Liuzhou Hedingshun 柳州和鼎順商業投資有限公司 | Period from December 10, 2012 to December 31, 2012 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| 17 Liuzhou Lisheng 柳州麗笙酒店管理有限公司 | Period from August 19, 2011 to December 31, 2011 | Beijing Zhongxihuanqiu Certified Public Accountants (北京中西環球會計師事務所) |
| | Year ended December 31, 2012 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| 18 Liuzhou Sunshine 100 柳州陽光壹佰置業有限公司 | Year ended December 31, 2010 | Guangxi Guixincheng Certified Public Accountants (廣西桂鑫誠會計師事務所) |
| | Year ended December 31, 2011 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| 19 Liuzhou Yuandingchang 柳州元鼎昌商業投資有限公司 | Period from December 10, 2012 to December 31, 2012 | Guangxi Tianhua Certified Public Accountants (廣西天華會計師事務所有限責任公司) |
| 20 Nanning Sunshine 100 南寧陽光壹佰置業有限公司 | Year ended December 31, 2010 | Guangxi Tongde Certified Public Accountants Co., Ltd. (廣西同德會計師事務所有限責任公司) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| | Year ended December 31, 2011 | Guangxi Tongde Certified Public Accountants Co., Ltd. (廣西同德會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Guangxi Tongde Certified Public Accountants Co., Ltd. (廣西同德會計師事務所有限責任公司) |
| 21 Nanning Zhuangye 南寧壯業房地產開發有限責任公司 | Year ended December 31, 2010 | Guangxi Ruilin Certified Public Accountants Co., Ltd. (廣西瑞林會計師事務所有限責任公司) |
| | Year ended December 31, 2011 | Guangxi Ruilin Certified Public Accountants Co., Ltd. (廣西瑞林會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Guangxi Ruilin Certified Public Accountants Co., Ltd. (廣西瑞林會計師事務所有限責任公司) |
| 22 Sanhe City Sunshine Jiya Real Estate Development Co., Ltd. 三河市陽光基亞房地產開發有限公司 | Year ended December 31, 2011 | Note (iii) |
| | Year ended December 31, 2012 | Beijing Shuangdou Certified Public Accountants Co., Ltd. (北京雙門會計師事務所（普通合夥）) |
| 23 Hubei Sunshine 100 湖北陽光一百房地產開發有限公司 | Year ended December 31, 2010 | Hubei Jixin Certified Public Accountants (湖北記信有限責任會計師事務所) |
| | Year ended December 31, 2011 | Hubei Jixin Certified Public Accountants (湖北記信有限責任會計師事務所) |
| | Year ended December 31, 2012 | Hubei Jixin Certified Public Accountants (湖北記信有限責任會計師事務所) |
| 24 Wuhan Sunshine 100 武漢陽光壹佰置業有限公司 | Year ended December 31, 2010 | Hubei Jixin Certified Public Accountants (湖北記信有限責任會計師事務所) |
| | Year ended December 31, 2011 | Hubei Jixin Certified Public Accountants (湖北記信有限責任會計師事務所) |
| | Year ended December 31, 2012 | Hubei Jixin Certified Public Accountants (湖北記信有限責任會計師事務所) |
| 25 Hunan Sunshine 100 Property Services 湖南陽光壹佰物業服務有限責任公司 | Year ended December 31, 2010 | Hunan Mingquan Certified Public Accountants Co., Ltd. (湖南茗荃聯合會計師事務所) |
| | Year ended December 31, 2011 | Hunan Huicai Certified Public Accountants Co., Ltd. (湖南匯才會計師事務所有限責任公司) |
| | Year ended December 31, 2012 | Hunan Henji Certified Public Accountants Co., Ltd. (湖南恒基有限責任會計師事務所) |
| 26 Hunan Sunshine 100 陽光壹佰（湖南）置業發展有限責任公司 | Year ended December 31, 2010 | Hunan MingQuan Certified Public Accountants Co., Ltd. (湖南茗荃聯合會計師事務所) |
| | Year ended December 31, 2011 | Hunan Meihao Weilai Unites Certified Public Accountant Firm (湖南美好未來聯合會計師事務所) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| | Year ended December 31, 2012 | Hunan Meihao Weilai Unites Certified Public Accountant Firm (湖南美好未來聯合會計師事務所) |
| 27 Wuxi Suyuan 無錫蘇源置業有限公司 | Year ended December 31, 2010 | Wuxi Zhongxin Certified Public Accountants (無錫眾信會計師事務所有限公司) |
| | Year ended December 31, 2011 | Wuxi Zhongxin Certified Public Accountants (無錫眾信會計師事務所有限公司) |
| | Year ended December 31, 2012 | Wuxi Zhongxin Certified Public Accountants (無錫眾信會計師事務所有限公司) |
| 28 Yingda Weihua 遼寧鷹達衛華房地產開發有限公司 | Year ended December 31, 2010 | Shenyang Gongxin Certified Public Accountants Co., Ltd. (瀋陽公信會計師事務所有限責任公司) |
| | Year ended December 31, 2011 | Liaoning Zhongping Certified Public Accountants (遼寧中平會計師事務所有限公司) |
| | Year ended December 31, 2012 | ShenYang Rongfeng Certified Public Accountants Co., Ltd. (瀋陽榮鋒會計師事務所有限公司) |
| 29 Shenyang Assets Operation 瀋陽陽光壹佰資產經營有限公司 | Period from March 5, 2012 to December 31, 2012 | Liaoning Zeyuan Certified Public Accountants Co., Ltd. (遼寧澤園會計師事務所有限責任公司) |
| 30 Liaoning Sunshine 100 陽光一百置業（遼寧）有限公司 | Year ended December 31, 2010 | Shenyang Gongxin Certified Public Accountants (瀋陽公信會計師事務所有限責任公司) |
| | Year ended December 31, 2011 | Liaoning Zhongping Certified Public Accountants (遼寧中平會計師事務所有限公司) |
| | Year ended December 31, 2012 | Daxin Certified Public Accountants Liaoning Branch (大信會計師事務所有限公司遼寧分所) |
| 31 Dongying Shengxing 東營勝興置業有限公司 | Year ended December 31, 2010 | Shandong Daming C.P.A. Partnership (山東大明聯合會計師事務所) |
| | Year ended December 31, 2011 | Shandong Daming C.P.A. Partnership (山東大明聯合會計師事務所) |
| | Year ended December 31, 2012 | Shandong Daming C.P.A. Partnership (山東大明聯合會計師事務所) |
| 32 Dongying Wanyi 東營萬怡商貿有限責任公司 | Year ended December 31, 2010 | Shandong Daming C.P.A. Partnership (山東大明聯合會計師事務所) |
| | Year ended December 31, 2011 | Shandong Daming C.P.A. Partnership (山東大明聯合會計師事務所) |
| | Year ended December 31, 2012 | Shandong Daming C.P.A. Partnership (山東大明聯合會計師事務所) |
| 33 Weifang Sunshine 100 濰坊陽光壹佰置業有限公司 | Period from April 23, 2010 to December 31, 2010 | Shandong Xinhua Limited Liability Certified Public Accountants Weifang Branch (山東新華有限責任會計師事務所濰坊分所) |
| | Year ended December 31, 2011 | Weifang Jingcheng Certified Public Accountants (濰坊精誠聯合會計師事務所) |
| | Year ended December 31, 2012 | Weifang Jingcheng Certified Public Accountants (濰坊精誠聯合會計師事務所) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| 34 Yantai Yindu 煙台銀都置業有限公司 | Year ended December 31, 2010 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2011 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2012 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| 35 Yantai Commercial Development 煙台陽光壹佰商業發展有限公司 | Year ended December 31, 2010 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2011 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2012 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| 36 Yantai Sunshine 100 Property Management 煙台陽光壹佰物業管理服務有限公司 | Year ended December 31, 2010 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2011 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2012 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| 37 Yantai Sunshine 100 煙台陽光壹佰房地產開發有限公司 | Year ended December 31, 2010 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2011 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2012 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| 38 Yantai Sunshine Star Shopping 煙台陽光之星購物中心管理有限公司 | Year ended December 31, 2010 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2011 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| | Year ended December 31, 2012 | Yantai Xingye Certified Public Accountants (煙台興業聯合會計師事務所) |
| 39 Chengdu Xin Sheng Yuan 成都鑫勝源房地產開發有限公司 | Year ended December 31, 2010 | Beijing Shuangdou Certified Public Accountants Co., Ltd. (北京雙鬥會計師事務所（普通合夥）) |
| | Year ended December 31, 2011 | Beijing Shuangdou Certified Public Accountants Co., Ltd. (北京雙鬥會計師事務所（普通合夥）) |
| | Year ended December 31, 2012 | Beijing Shuangdou Certified Public Accountants Co., Ltd. (北京雙鬥會計師事務所（普通合夥）) |
| 40 Chengdu Sunshine 100 陽光壹佰置業（成都）有限公司 | Year ended December 31, 2010 | Sichuan Rongxin Certified Public Accountants (四川融信會計師事務所有限公司) |
| | Year ended December 31, 2011 | Sichuan Rongxin Certified Public Accountants (四川融信會計師事務所有限公司) |
| | Year ended December 31, 2012 | Sichuan Rongxin Certified Public Accountants (四川融信會計師事務所有限公司) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| 41 Tianjin Mart Time 天津瑪特時光商業投資管理有限公司 | Period from May 18, 2012 to December 31, 2012 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| 42 Tianjin Meidinghui 天津美鼎惠商業投資管理有限公司 | Period from May 18, 2012 to December 31, 2012 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| 43 Tianjin Sentai 100 天津森泰壹佰置業投資有限公司 | Period from May 10, 2010 to December 31, 2010 | Tianjin Xingyuan Certified Public Accountants Co., Ltd. (天津星遠會計師事務所有限公司) |
| | Year ended December 31, 2011 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| | Year ended December 31, 2012 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| 44 Tianjin Sunshine 100 Property Services 天津陽光壹佰物業服務有限公司 | Year ended December 31, 2010 | Zhong Ping Jian Hua Hao Certified Public Accountants (中平建華浩會計師事務所有限公司) |
| | Year ended December 31, 2011 | Zhong Ping Jian Hua Hao Certified Public Accountants (中平建華浩會計師事務所有限公司) |
| | Year ended December 31, 2012 | Zhong Ping Jian Hua Hao Certified Public Accountants (中平建華浩會計師事務所有限公司) |
| 45 Tianjin Sunshine 100 天津陽光壹佰房地產開發有限公司 | Year ended December 31, 2010 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| | Year ended December 31, 2011 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| | Year ended December 31, 2012 | Tianjin Zhonghexincheng Certified Public Accountants Co, Ltd. (天津市中和信誠會計師事務所有限公司) |
| 46 Hangzhou Hengxin 100 杭州恒信壹佰實業有限公司 | Year ended December 31, 2010 | Zhejiang Branch of China Audit Asia Pacific Certified Public Accountants Co., Ltd. (中審亞太會計師事務所有限公司浙江（萬邦）分所) |
| | Year ended December 31, 2011 | Zhejiang CAV Certified Public Accountants (浙江中企華會計師事務所有限公司) |
| | Year ended December 31, 2012 | Zhejiang CAV Certified Public Accountants (浙江中企華會計師事務所有限公司) |
| 47 East Talent 東泰置業有限公司 | Year ended December 31, 2011 | PricewaterhouseCoopers (羅兵咸永道會計師事務所) |
| | Year ended December 31, 2012 | CWC Certified Public Accounting (Practising) (張黃會計師事務所有限公司) |

| Name of company (Note (i)) | Financial period | Statutory auditors (Note (ii)) |
|---|---|---|
| 48 Gold Leader 金倫置業有限公司 | Year ended December 31, 2011 | HLB Hodgson Impey Cheng |
| | Year ended December 31, 2012 | CWC Certified Public Accounting (Practising) (張黃會計師事務所有限公司) |
| 49 Rich Hope 威康置業有限公司 | Year ended December 31, 2011 | HLB Hodgson Impey Cheng |
| | Year ended December 31, 2012 | CWC Certified Public Accounting (Practising) (張黃會計師事務所有限公司) |
| 50 Top Leader 德龍置業有限公司 | Year ended December 31, 2011 | HLB Hodgson Impey Cheng |
| | Year ended December 31, 2012 | CWC Certified Public Accounting (Practising) (張黃會計師事務所有限公司) |
| 51 Victory Land 凱龍置業有限公司 | Year ended December 31, 2011 | PricewaterhouseCoopers (羅兵咸永道會計師事務所) |
| | Year ended December 31, 2012 | CWC Certified Public Accounting (Practising) (張黃會計師事務所有限公司) |
| 52 Victory Link 偉隆置業有限公司 | Year ended December 31, 2011 | HLB Hodgson Impey Cheng |
| | Year ended December 31, 2012 | CWC Certified Public Accounting (Practising) (張黃會計師事務所有限公司) |
| 53 Beijing Sunshine Star 北京陽光之星國際管理諮詢有限公司 | Year ended December 31, 2010 | Beijing Shungdou Certified Public Accountants Co., Ltd, (北京雙門會計師事務所(普通合夥)) |
| | Year ended December 31, 2011 | Beijing Shungdou Certified Public Accountants Co., Ltd, (北京雙門會計師事務所(普通合夥)) |
| | Year ended December 31, 2012 | Beijing Shungdou Certified Public Accountants Co., Ltd, (北京雙門會計師事務所(普通合夥)) |
| 54 Guangxi Sunshine 100 廣西陽光壹佰資產管理有限公司 | Period from January 25, 2011 to December 31, 2011 | Guangxi Guixincheng Certified Public Accountants (廣西桂鑫誠會計師事務所) |
| | Year ended December 31, 2012 | (Note (iii)) |
| 55 Tianjin Lande 天津蘭德壹佰房地產投資有限公司 | Year ended December 31, 2010 | (Note (iii)) |
| | Year ended December 31, 2011 | (Note (iii)) |
| | Year ended December 31, 2012 | Tianjin Zhonghe Xincheng Certified Public Accountants Co., Ltd. 天津市中和信誠會計師事務所有限公司 |
| 56 Tianjin Real Estate Operation 天津萬怡房地產經營有限公司 | Year ended December 31, 2010 | Zhong Ping Jian Hua Hao Certified Public Accountants 中平建華浩會計師事務所有限公司 |
| | Year ended December 31, 2011 | (Note (iii)) |
| | Year ended December 31, 2012 | (Note (iii)) |
| 57 Chang Jia 長佳國際有限公司 | Period from May 5, 2011 to December 31, 2011 | KPMG Huazhen (Special General Partnership) 畢馬威華振會計師事務所（特殊普通合夥） |
| | Year ended December 31, 2012 | KPMG Huazhen (Special General Partnership) 畢馬威華振會計師事務所（特殊普通合夥） |

Notes:

(i) Except for East Talent, Gold Leader, Rich Hope, Top Leader, Victory Land, Victory Link and Chang Jia, the official names of the companies are in Chinese and the English translation of the names is for reference only.

(ii) PricewaterhouseCoopers, HLB Hodgson Impey Cheng and CWC Certified Public Accounting (Practising) are certified public accountants registered in Hong Kong, SAR. Other firms are certified public accountants registered in the PRC.

(iii) As at the date of this report, no audited financial statement have been prepared for the companies as they are not subject to statutory audit requirement under the relevant rules and regulations in the jurisdiction of incorporation.

## 35 SUBSEQUENT EVENTS

(a) On January 14, 2014, the Company entered into an agreement to acquire the entire equity interest in Riverside from Riverside 100 Holdings A LLC and Riverside 100 Holdings B LLC. From then on, Riverside has been accounted for as a wholly-owned subsidiary of the Group and the loans from Riverside have been swapped into loans from Riverside 100 Holdings A LLC and Riverside 100 Holdings B LLC.

(b) Pursuant to a resolution of the Company's shareholders passed on February 17, 2014, subject to the share premium account of the Company having sufficient balance being credited as a result of the issue of shares pursuant to the global offering set out in the section "History, Reorganization and Group Structure", the directors were authorized to allot and issue a total of 1,461,000,000 shares less the number of shares which will be issued under the Third Revised Liaoning Sunshine 100 Investment Agreements, credited as fully paid at par to the holders of the shares on the register of members of the Company on February 17, 2014 by way of capitalization of the sum of their par value standing to the credit of the share premium account of the Company.

## 36 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to September 30, 2013. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to September 30, 2013.

Yours faithfully

KPMG
Certified Public Accountants
Hong Kong