



BECOME A MODERN TOWN

AFTER URBANIZATION

 **佳兆業集團控股有限公司**
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1638

* For identification purposes only

2013
ANNUAL REPORT

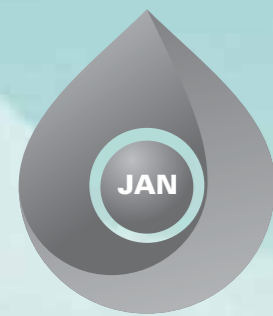
GROUP OVERVIEW

Established in 1999, Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (together referred to as the "Group" or "Kaisa") is a large-scale integrated property developer. The Group's shares commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited on 9 December 2009. Over the years, the Group has been focusing on urban property development. The scope of its business covers property development, commercial operation, hotel management and property management services with products comprising residential properties, villas, offices, serviced apartments, integrated commercial buildings and mega urban complexes. Founded in Shenzhen, the Group has expanded to cover the most economically-vibrant cities and regions, including the Pearl River Delta, the Yangtze River Delta, the Western Region, the Central China region and the Pan-Bohai Bay Rim. As at 20 February 2014, the Group owns 90 projects spanning across 31 cities in these regions.

Kaisa remains committed to the core values of "professionalism, innovation, value and responsibility" by actively participating in a wide range of urban development projects in China and we believe it will inject creativity into China's urbanization process. We believe our brand "Kaisa" remains to be our pledge to carry out high quality property developments, to surpass the industry's standards and requirements, and of devotion to customer satisfaction.

ACCOMPLISHING A NEW MILESTONE

- In 2012
 - Kaisa was ranked 17th in terms of GFA sold in the league of “Top 50 Real Estate Enterprise Property Developers by Sales in 2012”⁽¹⁾, further consolidating our market position amidst challenging operating environment;
 - Chengdu Kaisa Monarch Residence was ranked number one and number two in terms of GFA sold and number of units sold in Chengdu, respectively⁽²⁾;
 - Kaisa was ranked number one in terms of sales amount, GFA sold and number of units sold in Nanchong, respectively, and its project in Changsha, Changsha Lake View Place was ranked number three in terms of GFA sold⁽³⁾;
 - Taicang Lake View Waldorf was ranked number one in terms of both GFA sold and number of units sold,⁽⁴⁾ respectively.
- Successfully issued US\$500 million 10.25% senior notes due 2020 to refinance the PAG Loan and the Senior notes with a principal amount of RMB2 billion due 2014.



- Successfully issued US\$500 million 8.875% senior notes due 2018, mainly to partially redeem its 13.5% senior notes due 2015.

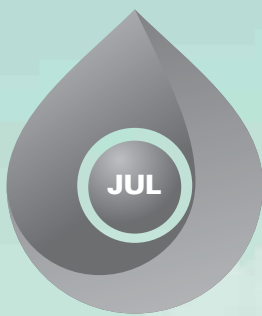
- Named Best Mid-cap and ranked 8th in the list of Best Investor Relations in China by FinanceAsia in its annual poll of Asia's Best Managed Companies, once again recognising the Group's outstanding management team and excellent execution capability.
- Ranked 15th again in terms of comprehensive strength and included as one of the Top 5 Real Estate Companies in China in terms of business performance⁽⁵⁾.

- Signed a strategic co-operation framework agreement (“戰略合作框架協議”) with Bao'an District Government of Shenzhen Municipality, in connection with the development of Financial Industry Integrated Town (“金融產業綜合城”) and urban redevelopment projects at Jiangangshan Strategic Emerging Industrial Cluster Region (“寶安尖崗山戰略性新興產業集聚區”) in the district, further consolidating its market position in Shenzhen.
- Three redevelopment projects of Kaisa, namely, Dapeng No.2 Industrial Zone Project, Dapeng No. 3 Industrial Zone Project and Golden Bay Resort were included in the list of Key Projects in Shenzhen for the year of 2013.

- Successfully issued CNY1.8 billion 6.875% senior notes due 2016 to redeem the remaining balance of the 13.5% senior notes due 2015.

- Kaisa was ranked 23th in terms of GFA sold in the league of “Top 50 Real Estate Enterprise Property Developers by Sales in 1H2013”⁽¹⁾.
- In the first half of 2013⁽²⁾,
 - Kaisa Shenzhen Branch was ranked no.3 both in terms of GFA sold and number of units sold, respectively;
 - Shenzhen Kaisa City Plaza was ranked no.3 in terms of sales amounts;
 - Chengdu Kaisa Monarch Residence was ranked no.1 in terms of GFA sold;
 - Nanchong Kaisa Branch was ranked no.1 in terms of sales amounts, GFA sold and number of units sold, respectively;
 - Nanchong Monarch Residence was ranked no.2 both in terms of sales amounts and number of units sold, respectively.
- The Kwok Family Trust, through Da Zheng Investment Company Limited, bought Kaisa's shares from the open market and raised its interest in the Group to 62.40%.
- Won the “Blue-chip Real Estate Corporations of China” Award for the Fourth Time by Economic Observer.

- The Kwok Family Trust, through Da Zheng Investment Company Limited, bought 1,200,000 Kaisa's shares from the open market and raised its interest in the Group to 62.42%.
- Named one of "The Outstanding China Property Developers 2013" organised by Economic Digest Weekly in recognition of the Group's outstanding performance and achievements in the real estate sector in China since its successful listing in Hong Kong.



- **In 2013**
- Kaisa was ranked 25th in terms of sales amounts according to "Top 50 Real Estate Enterprise Property Developers by Sales in 2013"⁽¹⁾, further consolidating our market position amidst challenging operating environment.
- Kaisa was ranked no.1 both in terms of sales and GFA sold for the year of 2013 in Shenzhen; and Shenzhen Kaisa City Plaza was the best-selling project both in terms of sales and GFA sold in Shenzhen primary residential market⁽²⁾.
- Honored one of "The Hong Kong Outstanding Enterprises" for four years in a row by Economic Digest in recognition of the Group's significant business growth and corporate governance since listing.

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Notes:

- ⁽¹⁾ Jointly compiled and issued by China Real Estate Information Corporation ("CRIC", 中國房地產信息集團) (NASDAQ:CRIC) and China Real Estate Appraisal Center (中國房地產測評中心)
- ⁽²⁾ According to statistics compiled by CRIC
- ⁽³⁾ According to statistics compiled by China Real Estate Information System (中國房地產數據信息系統)
- ⁽⁴⁾ According to statistics compiled by the Housing and Urban-Rural Construction Bureau of Taicang
- ⁽⁵⁾ By "2013 China Real Estate Listed Companies Evaluation Report" jointly issued by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal Center
- ⁽⁶⁾ According to statistics compiled by China Real Estate Index System ("CREIS", 中國房地產指數系統)
- ⁽⁷⁾ According to statistics compiled by ShenzhenHome (www.szhome.com, 深圳房地產信息網)

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. KWOK Ying Shing (*chairman*)
 Mr. KWOK Ying Chi
 Mr. SUN Yuenan
 Dr. TAM Lai Ling
 Mr. CHEN Gengxian
 Mr. JIN Zhigang

Non-Executive Director

Ms. CHEN Shaohuan (appointed on 26 December 2013)

Independent Non-Executive Directors

Mr. RAO Yong
 Mr. ZHANG Yizhao
 Mr. FOK Hei Yu

AUDIT COMMITTEE

Mr. RAO Yong (*chairman*)
 Mr. ZHANG Yizhao
 Mr. FOK Hei Yu

REMUNERATION COMMITTEE

Mr. FOK Hei Yu (*chairman*)
 Mr. KWOK Ying Shing
 Mr. RAO Yong
 Mr. ZHANG Yizhao

NOMINATION COMMITTEE

Mr. KWOK Ying Shing (*chairman*)
 Mr. RAO Yong
 Mr. ZHANG Yizhao
 Mr. FOK Hei Yu

AUTHORIZED REPRESENTATIVES

Mr. KWOK Ying Shing
 Mr. CHEUNG Hung Kwong

COMPANY SECRETARY

Mr. CHEUNG Hung Kwong

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

Room 3306, Kerry Center
 Ren Min Nan Road
 Luohu
 Shenzhen
 China



PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2001
20th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China

LEGAL ADVISERS

As to Hong Kong law and U.S. law:
Sidley Austin

As to PRC law:
King & Wood Mallesons

As to Cayman Islands law:
Harney Westwood & Riegels

AUDITOR

PricewaterhouseCoopers

LISTING INFORMATION

Share Listing

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1638.HK)

WEBSITE

<http://www.kaisagroup.com>



AWARDS

China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center

March 2013

2013 Top 20 Real Estate Development Enterprises in China

China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center

March 2013

2013 TOP 10 Real Estate Development Enterprises in term of "Growth Potential" in China

China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center

March 2013

2013 TOP 10 Real Estate Development Enterprises in term of "Operating Efficiency" in China

Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy

March 2013

2013 China Real Estate Top 100 Enterprises – seven years in a row from 2007 to 2013

Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy

March 2013

2013 Top 10 Developers in term of "Growth" among the 2013 China Top 100 Real Estate Developers



Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy

March 2013

2013 Top 10 Developers in term of "Operating Efficiency" among the 2013 China Top 100 Real Estate Developers

China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center

May 2013

2013 China Top 5 Real Estate Listed Companies of Business Performance

China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center

May 2013

2013 China Top 20 Real Estate Listed Companies of Comprehensive Strength

Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy

June 2013

Top 10 Hong Kong – Listed China – based Property Developers in 2013 both in term of "Economic Value Added"

Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy

June 2013

Top 10 Hong Kong – Listed China – based Property Developers in 2013 both in term of "Investment Value"

Economic Observer*June 2013*

2013 China Blue –
Chip Real Estate
Enterprise

**21st Century
Business Herald
and Boao 21st
Century Real
Estate Forum***July 2013*

Golden Brick
Award for Real
Estate in China
– 2013 Most
Valuable Listed
Real Estate
Developer Award

**Boao Real Estate
Forum Committee
and Guandian Real
Estate New Media***August 2013*

2013 China Best City
Operator Award

**National Business
Daily***August 2013*

2013 China Value
Real Estate –
Valuable Real Estate
Developer of the Year

**Enterprise Research
Institute of
Development Research
Centre of the State
Council, the Institute
of Real Estate Studies
of Tsinghua University
and China Index
Academy***September 2013*

2013 Top 10 Most
Valuable Real Estate
Brands in China

**Enterprise Research
Institute of
Development Research
Centre of the State
Council, the Institute
of Real Estate Studies
of Tsinghua University
and China Index
Academy***September 2013*

2013 Professional
Leading Brands of China
Real Estate – Urban
Renewal

**China Academy of
Real Estate, China Real
Estate Association
and China Real Estate
Appraisal Center***September 2013*

2013 Top 20 Real Estate
Developer Enterprises of
Brand Values in China

**Capital Weekly
Magazine***November 2013*

2013 The Excellence of
Listed Enterprise Awards

First Financial Daily*November 2013*

2013 Most Valuable
China Real Estate
Enterprises Award – Top
20 China – Affiliated HK
Listed Companies

First Financial Daily*November 2013*

2013 Most Valuable
China Real Estate
Enterprises Award –
the Most Investment
Valuable Listed Company
Award

**Economic Digest
Magazine***December 2013*

2013 Hong Kong
Outstanding Enterprises
Award



**QUALITY PLAYS
A PIVOTAL ROLE IN AN
ENTERPRISE'S
DEVELOPMENT**

K A I S A



WITH ENDURING PERSEVERANCE

CREATE ENDLESS POSSIBILITIES

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Kaisa Group Holdings Ltd. (the "Company", together with its subsidiaries referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2013.

RESULTS AND DIVIDEND

For the year ended 31 December 2013, the Group's turnover and gross profit reached approximately RMB19,523.1 million and RMB6,599.8 million, representing an increase of approximately 63.3% and 69.9% over those of 2012, respectively. Profit attributable to shareholders and basic earnings per share amounted to approximately RMB2,857.4 million and RMB58.1 cents, representing an increase of approximately 37.9% and 37.7% as compared to those of 2012, respectively.

The Board recommends the payment of final dividend of Hong Kong dollars 15 cents per share for the year ended 31 December 2013.

BUSINESS REVIEW

In 2013, the PRC property market continued to be overshadowed by the tightening stance of the Central Government (the "Central Government") of the PRC; however, largely due to the release of the pend-up demand, the average home price and the transaction volume in the primary residential market recorded an approximately 7.7% and 17.3% increase year-on-year, respectively, according to data compiled by China Real Estate Index System ("CREIS"), with the increase of tier-one cities' housing price tops the list.

During the year ended 31 December 2013, the Group continued its focus on mass market housing and successfully executed a rapid asset-turnover business model to capture such demand. The Group achieved approximately RMB23.9 billion of contracted sales, representing an increase of 37.9% year-on-year. Kaisa was ranked 25th in terms of sales according to "Top 50 Real Estate Enterprise Property Developers by Sales in 2013" jointly compiled and issued by China Real Estate Information Corporation (NASDAQ: CRIC; "CRIC") and China Real Estate Appraisal Center. In addition, Kaisa was ranked number one in terms of sales, gross floor area ("GFA") and number of units sold in the Shenzhen primary residential market in 2013 according to the statistics compiled by ShenzhenHome (www.szhome.com), further solidifying our leading market position in the Pearl River Delta.

The Group successfully launched Chengdu Kaisa Mansion No. 8, and Chongqing Kaisa Plaza in Western Region, Hangzhou Jade Dragon Court, Shanghai Xiangyi Garden (also known as "Shanghai Kaisa Mansion No. 8"), Shanghai Shangpin Garden (also known as "Shanghai Kaisa Mansion No. 1") and Taizhou Kaisa Mansion No. 1 in the Yangtze River Delta, Shenzhen Dapeng Kaisa Peninsula Resort, Shenzhen Kaisa Yuefeng Garden, Dongguan Oasis Town and Zhuhai Lake View Waldorf in the Pearl River Delta, Changsha Kaisa Times Square in Central China, and Dalian Kaisa Center, Qingdao Kaisa Lake View Place, Dandong Kaisa Mansion No. 1 and Weifang Kaisa Golden World in Pan-Bohai Bay Rim, further solidifying the Group's nationwide presence.

The land market in upper-tier cities has rebounded strongly over the last two years. With respect to land acquisitions, since late 2011, the Group has begun to refocus on the opportunities in tier-one cities and provincial capitals. In 2012 and 2013, the Group entered into various agreements for land purchase for a total consideration of RMB4.5 billion and RMB14.1 billion, respectively, with 92.3% located in upper-tier cities. As a result of our efforts to achieve a more balanced land bank portfolio, approximately 63% of our land bank was located in upper-tier cities as at 31 December 2013, as compared to 24.4% as at end of 2012. The above land acquisitions have enabled the Group to accumulate additional saleable resources to support its business expansion. We plan to launch phase one of most of the above projects in the next two years.

For the year under review, our projects in Shenzhen contributed to approximately 30% of the Group's contracted sales, thanks to the outstanding performance achieved through our urban redevelopment projects. Shenzhen Kaisa City Plaza, the largest residential and commercial complex and urban redevelopment project ever undertaken in Shenzhen, was ranked number one in terms of sales, GFA sold and number of units sold in the Shenzhen primary residential market in 2013 according to statistics compiled by ShenzhenHome (www.szhome.com). Further, in June 2013, we launched the Shenzhen Dapeng Kaisa Peninsula Resort with 96.2% of the units less than 80 sq.m. in size in order to capture the end-user demand. Significant progress has been made in our other urban redevelopment projects in Shenzhen and Guangzhou. In May 2013, we acquired two land parcels in the Baiyun District of Guangzhou with a total consideration of RMB2,666.4 million. Such land acquisitions will not only enable the Group to achieve synergy with our existing urban redevelopment projects located in the same district, but also further enhance our brand, and most importantly, allow the Group to further strengthen the sustainability of its business model focusing on urban redevelopment in the Pearl River Delta. The above projects, together with our urban redevelopment project pipeline, will also provide the Group with considerable saleable resources to sustain its growth in the medium term and improve its profitability going forward.

DEVELOPMENT AND FINANCING STRATEGIES

The Group will continue to adopt a flexible yet prudent policy to cope with market and policy changes, including making appropriate adjustments in future development plans, product mix, capital structure, sales and marketing strategies in accordance with the prevailing market conditions and the latest policies. We have been taking a proactive approach in managing our liabilities since the second half of 2012. Taking advantage of the liquidity in the capital market, on 8 January 2013, the Company successfully issued US\$500 million 10.25% senior notes due 2020 to refinance the exchangeable term loan and the senior bonds due in 2014 with an aggregate principal amount of approximately RMB2.8 billion. On 19 March 2013, the Company successfully issued US\$550 million 8.875% senior notes due 2018 to partially refinance the senior notes due 2015, with an outstanding principal amount of US\$648 million, and for general corporate use. On 22 April 2013, the Company successfully issued RMB1.8 billion 6.875% senior notes due 2016 to refinance the remaining balance of the senior notes due 2015. All of the above three transactions received overwhelming interest from international financial institutions and were over-subscribed by more than 10 times. Moreover, we also managed to obtain unsecured offshore funding in the form of medium-term loan with HSBC and ICBC Asia. Through these transactions, we managed to extend our debt maturity profile and reduce our funding cost substantially. The successful refinancing of our offshore debts has also granted the Company with more flexibility for its business expansion.

INVESTOR RELATIONS

The Company strives to achieve a high standard of corporate governance and high degree of corporate transparency, and is committed to maintaining a timely and effective communication with its shareholders and investors through various means. In addition to the regulatory filings and announcements, through monthly newsletters, communication with media, investor conferences, site visits and road shows, the Group strives to keep shareholders and investors well informed of its latest development including business strategies, sales performance, operation and financial condition. The Group values input from investors, bond holders and shareholders, and through various channels to collect their views. We are pleased that our efforts are recognized, and Kaisa was named the "Best Mid Cap" in China and was ranked 8th in the category of the "Best investor relations" in China by Finance Asia with the top seven being the large state-owned enterprises.

PROSPECTS

After a record-breaking year for Asian bond issuance in 2012, the optimism in the global financial market in the first quarter of 2013 was sharply reversed towards the end of the second quarter due to the speculation on the earlier-than-expected ending of the quantitative easing program in the United States. The market recovered somewhat in the second half but was still not as robust as in the first half. We always take the view that it is difficult to predict the best market as the market nowadays is much more volatile. In hindsight, we believe our approach to undertake the liability management exercise earlier on pays off, and thus the Group is not subject to refinancing risk in 2014 and 2015. The Group will continue to monitor the market with a view to further improving our capital structure and reduce cost of funding to meet its expansion needs.

With the new administration, the Central Government has revealed its new direction on policy towards the real estate sector, among others, through the issuance of the "60 Structural Reform Guidelines" (the "Guidelines") after the Third Plenary Session in November 2013. The policy is shifting towards a market oriented approach, instead of high-handed administrative measures. Although some of the initiatives might have short-term impact, including the acceleration of the implementation of property tax, overall these initiatives are conducive to the long-term development of the sector, such as land reform, Hukou reform, urbanization and relaxation of one-child policy.

With Qianhai of Shenzhen being designated as a new financial service hub of China with preferential policies, Shenzhen has entered into a new epoch of its history. Capitalizing its project pipeline on urban redevelopment projects in Shenzhen, and over 9 million sq.m. of land bank in the Pearl River Delta, the Group is well positioned to capture the housing demand generated from the new opportunities arising. While we will continue to leverage our brand and our expertise to unlock the value of our pipeline for redevelopment projects, we will continue to implement the asset turnover business model to seize the opportunities in the growing end-user mass market driven by urbanization, aiming to maintain our leadership.

ACKNOWLEDGEMENT

Thanks to the enormous support from all of our stakeholders and the ardent efforts of all our staff members who have made valuable contributions during the year, the Group has been growing at a steady pace. On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all the shareholders of the Company, investors, business partners and customers for their trust and support. Upholding the spirit enshrined in our motto "Kaisa, bring you joyful living", we will make every endeavor to maximize values and generate the greatest returns for our shareholders and investors.

KWOK Ying Shing

Chairman

Hong Kong, 20 February 2014

**GIVING PRIORITY TO
CUSTOMERS
VALUE**





ESTABLISHING HEALTHY AND

HARMONIOUS COMMUNITIES



MANAGEMENT DISCUSSION AND ANALYSIS



OVERALL PERFORMANCE

During the year, the Group recorded a turnover of RMB19,523.1 million, representing an increase of 63.3% as compared to that of year 2012. Profit attributable to equity holders amounted to RMB2,857.4 million, representing an increase of 37.9% as compared to that of year 2012. Our net profit for the year, excluding early redemption premium of debts and change in fair values of investment properties and financial derivatives, net of deferred tax increase to RMB2,785.7 million, representing an increase of 65.3% as compared to that of year 2012. Basic earnings per share was RMB58.1 cents (2012: RMB42.2 cents).

The Board recommends the payment of the final dividends of Hong Kong dollars 15 cents per share for the year ended 31 December 2013.



Contracted Sales in 2013

During the year ended 31 December 2013, the Group's contracted sales amounted to approximately RMB23.9 billion, representing growth of 37.9%. Aggregated GFA sold for the year was approximately 2,450,829 sq.m., representing a decrease of 4.9% year-on-year. Average selling price per sq.m. ("ASP") of our contracted sales increased by 45.0% year-on-year to RMB9,760 per sq.m. The table below shows the Group's contracted sales by region in 2013:

Region	Number of projects	Contracted sales area (sq.m.)	Contracted sales amount (RMB in Millions)
Pearl River Delta	19	825,087	11,663.7
Yangtze River Delta	12	274,881	3,127.2
Chengdu-Chongqing Region	7	494,100	3,478.5
Central China Region	4	425,012	2,830.2
Pan-Bohai Bay Rim	11	431,749	2,821.0
Total	53	2,450,829	23,920.6

In 2013, the Group achieved outstanding sales in a number of major cities in the PRC:

- According to "Top 50 Real Estate Enterprise Property Developers by Sales in 2013" jointly compiled and issued by China Real Estate Information Corporation ("CRIC") and China Real Estate Appraisal Center, Kaisa was ranked 25th nationwide in terms of GFA sold.
- According to statistics compiled by ShenzhenHome (www.szhome.com), Kaisa was ranked number one in terms of sales, gross floor area ("GFA") and number of units sold in the Shenzhen primary residential market in 2013, while Shenzhen Kaisa City Plaza was ranked number one in terms of sales, GFA sold and number of units sold in terms of individual project.
- According to statistics compiled by China Real Estate Index System ("CREIS"), Wuhan Golden World was ranked number two in terms of number of units sold and number three in terms of GFA sold.
- According to statistics compiled by CREIS, Kaisa was ranked number two in terms of sales, GFA sold and number of units sold in Nanchong, Sichuan Province.

The above encouraging sales results are not only an affirmation of the Group's market position in the Pearl River Delta, but also a demonstration of the Group's ability to replicate its successful business model to regions outside of the Pearl River Delta region.

Property Development

Projects completed in 2013

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the year under review, the GFA of newly completed projects of the Group amounted to approximately 2.9 million sq.m.

Projects under development

As at 31 December 2013, the Group had 40 projects under development concurrently with an aggregate of GFA of approximately 8.4 million sq.m.

Property management

The Group also provides property management service to its own development. During the year under review, the Group managed a total floor area of approximately 10.5 million sq.m., equivalent to 79,828 units. In June 2013, Kaisa was ranked 15th in “2013 China Top 100 Property Management Companies” jointly compiled by China Index Research Institute and China Real Estate Top 10 Research Team. Building on its national recognition, the Group’s property management arm is striving to deliver excellent and professional service to its customers so as to further enhance its brand and corporate image.

Investment properties

The Group adopts a diversified business strategy, characterized by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2013, the Group held an aggregate GFA of 185,327 sq.m. completed investment properties for rental purpose.

Land Bank

It remains an ongoing effort of the Group to expand its land reserve to implement the business strategy of rapid turnover model. Since late 2011, the Group started to re-focus the opportunities in tier-one cities and provincial capitals with a focus on end-user mass market, enabling the Group to be less susceptible to policy risk while achieving a more balanced property portfolio. In 2013, we purchased a total of 32 land parcels or related interests through private negotiation and government held public tenders, auctions or listing-for-sale. The aggregate consideration for the land acquisitions was approximately RMB14,127.8 million, with an average land cost per total planned GFA of approximately RMB4,539 per sq.m. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 3,112,272 sq.m. In terms of purchase consideration, approximately 92.3% of the land bank is located in tier-one and tier-two cities. As at 31 December 2013, the Group had a total land bank of approximately 23.3 million sq.m., which is sufficient for the Group’s development needs for the next five years.





The table below set forth detailed information of these land acquisitions:

Time of Acquisition	Location	Attributable Interest	Site Area (sq.m.)	No. of Land Parcels	Attributable GFA (sq.m.)	Consideration (RMB in millions)	Type
February 2013	Hangzhou	100%	36,595	1	73,190	466.0	Residential
February 2013	Qingdao	100%	206,879	3	273,420	370.8	Residential
February 2013	Nanchong	100%	67,942	1	156,267	305.7	Residential and Commercial
March 2013	Dongguan	100%	33,910	1	84,775	450.1	Residential and Commercial
April 2013	Chengdu	100%	51,256	1	143,516	509.5	Residential and Commercial
April 2013	Wuhan	100%	40,390	1	116,323	439.0	Residential and Commercial
May 2013	Guangzhou	100%	65,627	1	72,966	1,867.7	Residential
May 2013	Shenzhen	11.5%	14,411	1	16,306	405.0	Commercial
May 2013	Shanghai	100%	11,088	1	49,896	1,505.0	Commercial
May 2013	Hangzhou	100%	74,779	1	142,080	1,004.2	Residential and Commercial
May 2013	Guangzhou	100%	19,671	1	35,479	798.7	Residential
June 2013	Shanghai	100%	48,387	1	82,741	525.8	Residential
August 2013	Huludao	100%	148,222	3	295,000	222.4	Residential
September 2013	Shanghai	100%	72,735	1	78,554	515.0	Residential
October 2013	Chongqing	100%	303,029	6	711,967	1,293.4	Residential
October 2013	Chongqing	100%	21,300	1	21,300	32.5	Industrial
November 2013	Changsha	100%	143,212	3	340,418	1,089.4	Residential
December 2013	Guangzhou	51%	190,742	1	217,174	2,211.9	Residential and Commercial
December 2013	Huludao	100%	77,037	3	200,900	115.7	Residential and Commercial
Total			1,627,212	32	3,112,272	14,127.8	

Outlook

Though the overall policy stance on the property sector is expected to remain tight in the near term, the Central Government has pledged to support demand driven by first time home owners. Nonetheless, given the policy of urbanization in granting urban “Hukou” on settling in medium-sized cities and relaxation of one-child policy, we remain optimistic about the prospect of China’s real estate sector. Over the last two years, the Group has put up substantial capital into land acquisition, with 78% located in upper-tier cities, and have pre-funded properties under development which, we believe, will enable the Group to support its future business expansion and capture any business opportunities arising. In addition, the Group continues to focus on realizing the value from its redevelopment project pipeline, while remaining committed to delivering a rapid asset-turnover business model, further enhancing the product quality and capitalizing its branding, with an aim to maximizing returns to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group primarily comprises the (i) sales proceeds from the sale of properties including completed properties held for sale and properties under development, (ii) gross recurring revenue received and receivable from investment properties and (iii) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, property management, and hotel and catering. The revenue increased by RMB7,568.1 million, or 63.3%, to approximately RMB19,523.1 million in 2013 from approximately RMB11,955.0 million in 2012, mainly attributable to the increase in recognized property sales. During the year, the revenue generated from property development, property investment, property management, and hotel and catering was approximately RMB19,090.3 million, RMB216.6 million, RMB166.0 million and RMB50.2 million, respectively.

Sales of properties

Our revenue from sales of properties increased by RMB7,492.4 million, or 64.6%, to RMB19,090.3 million in 2013 from RMB11,597.9 million in 2012. This increase was primarily due to increases in the total delivered GFA from approximately 1,648,128 sq.m. in 2012 to approximately 2,562,359 sq.m. in 2013.

Rental income

Our rental income increased by RMB47.0 million, or 27.7%, to RMB216.6 million in 2013 from RMB169.6 million in 2012. This increase was primarily attributable to additional rental space from a shopping mall located in Anshan city.





Property management services

Our revenue from property management services increased by RMB28.8 million, or 21.0%, to RMB166.0 million in 2013 from RMB137.2 million in 2012. This increase was primarily attributable to additional property management fee derived from our property services for the commercial properties and the residential units delivered in 2013.

Cost of sales

Our cost of sales increased by RMB4,853.6 million, or 60.1%, to RMB12,923.2 million in 2013 from RMB8,069.6 million in 2012. This increase was primarily attributable to an increase in the total GFA delivered.

Gross profit

As a result of the above, our gross profit increased by RMB2,714.4 million, or 69.9%, to RMB6,599.8 million in 2013 from RMB3,885.4 million in 2012. Our gross profit margin increased to 33.8% in 2013 from 32.5% in 2012. The increase in gross profit margin was primarily attributable to the higher ASP, partly offset by higher construction cost per sq.m. of property sales recognized in 2013 as compared to 2012.

Other (losses)/gains – net

We had net other losses of RMB84.3 million in 2013, as compared to net other gains of RMB226.1 million in 2012. Our net other losses in 2013 mainly comprised the compensation for termination of proposed development projects of RMB64.9 million and government subsidy income on cultural projects operated by us with an aggregate amount of RMB49.9 million, offset by write down of completed properties held for sale and properties under development of RMB206.3 million. Our net other gains in 2012 mainly comprised the gain on disposal of our interest in an associate of RMB242.9 million.

Selling and marketing costs

Our selling and marketing costs increased by RMB283.6 million, or 49.0%, to RMB861.9 million in 2013 from RMB578.3 million in 2012. The increase in selling and marketing costs was in line with the increase in our contracted sales.

Administrative expenses

Our administrative expenses increased by RMB133.6 million, or 16.3%, to RMB952.0 million in 2013 from RMB818.4 million in 2012. The increase was primarily attributable to the increase in staff costs and operating expenses resulting from our business expansion.

Change in fair value of investment properties

The increase in fair value of our investment properties was RMB501.1 million in 2012 and RMB728.7 million in 2013. The increase in fair value of our investment properties in 2012 was primarily attributable to the appreciation in fair value of our investment properties in Huizhou Kaisa Center Phase 2 and Shenyang Kaisa Center. The increase in fair value of our investment properties in 2013 was primarily attributable to the increase in fair value of our investments properties in Huizhou Kaisa Center Phase 2 and acquisition of additional equity interest in Shenzhen Kaisa Global Center.

Change in fair value of financial derivatives

The changes in fair value of financial derivatives in 2012 and 2013 primarily reflected the changes in fair value of the financial derivative component of the PAG Loan and the 2013 HSBC Swap, respectively.

Finance costs – net

Our net finance costs significantly increased by RMB325.3 million, or 464.7 times, to RMB326.0 million in 2013 from RMB0.7 million in 2012. The increase was primarily attributable to the early redemption premium of offshore debts of RMB521.0 million, partially offset by a reduction of net exchange gain by RMB279.9 million. The net exchange gain mainly arises from the U.S. dollar denominated offshore financing as a result of the appreciation of Renminbi against the U.S. dollar.

Income tax expenses

Our income tax expenses increased by RMB1,140.0 million, or approximately 98.9%, to RMB2,293.2 million in 2013 from RMB1,153.2 million in 2012. The increase was primarily attributable to the increase in operating profit in 2013. Our effective tax rate increased to 44.5% in 2013 from 35.3% in 2012, primarily due to early redemption premium of offshore debts recognized in 2013, which are non-tax deductible.

Profit for the year and total comprehensive income for the year

As a result of the effect of the factors described above, our profit for the year and total comprehensive income for the year increased by RMB746.4 million, or 35.3%, to RMB2,862.6 million in 2013 from RMB2,116.2 million in 2012. Our net profit margin was 14.7% in 2013 and 17.7% in 2012. Our net profit margin (excluding early redemption premium of offshore debts, changes in fair value on investment properties and financial derivatives and net of deferred tax) was 14.3% in 2013 and 14.1% in 2012.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2013, the carrying amount of the Group's cash and bank deposits was approximately RMB8,706.2 million (31 December 2012: RMB5,352.3 million), representing an increase of 62.7% as compared to that as at 31 December 2012. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. Such guarantee deposits will be released after pre-sold properties are completed or their property ownership certificates are issued, whichever is the earlier. Additionally, as at 31 December 2013, certain of the Group's cash was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to approximately RMB1,676.5 million as at 31 December 2013.

Senior notes

On 28 April 2010, the Company issued US\$350 million 13.5% senior notes due 2015 for the purpose of debt prepayment, financing property projects and general corporate use. On 14 June 2011, the Company issued additional US\$300 million 13.5% senior notes due 2015 (collectively, the "Senior Notes") for the purpose of financing new land bank in the PRC and real estate projects. The outstanding Senior Notes were fully redeemed in April 2013.

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion USD settled 8% convertible bonds due 2015 (the "Convertible Bonds") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK\$2.82 per share. According to the terms and conditions, the holders of the Convertible Bonds have the right to exercise a put option to redeem the Convertible Bonds on 20 December 2013, and such rights lapsed on 19 November 2013. The Company received the put notice in the aggregate amount of RMB200,000 and the underlying convertible bonds were redeemed in December 2013.

Senior bonds

On 15 March 2011, the Company issued RMB2.0 billion USD settled 8.5% senior secured guaranteed bonds due 2014 (the "Bonds") for the purpose of financing new land bank in the PRC and real estate projects. The Bonds were fully redeemed in January 2013.



Exchangeable term loan

To refinance the Group's trust loans and to finance the Group's property projects, on 23 May 2012, the Company entered into a facility agreement with PA International Opportunity VI Limited, as the lender, for an exchangeable term loan in the aggregate principal amount of US\$120.0 million at an annual interest rate of 13.5% with a tenor of 27 months (the "**Exchangeable Term Loan**"), and a call option deed with the lender as the grantee. Upon exercise of the call option, the lender will become a minority shareholder of Fenglong Group Co. Ltd., currently a wholly owned subsidiary of the Group. The Exchangeable Term Loan was fully prepaid in January 2013.

Senior notes due 2017

On 18 September 2012, the Company issued US\$250 million 12.875% senior notes due 2017 (the "**Senior Notes 2012**") for the purpose of funding our existing and new property projects and refinancing our existing indebtedness and for general corporate use.

Senior notes due 2020

On 8 January 2013, the Company issued US\$500 million 10.25% senior notes due 2020 (the "**Senior Notes January 2013**") for the purpose of refinancing our Exchangeable Term Loan and Bonds and for general corporate use.

Senior notes due 2018

On 19 March 2013, the Company issued US\$550 million 8.875% senior notes due 2018 (the "**Senior Notes March 2013**") for the purpose of partial refinancing our Senior Notes and for general corporate use.

Senior notes due 2016

On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the "**Senior Notes April 2013**") for the purpose of refinancing the remaining balance of our Senior Notes and for general corporate use.



Borrowings and charges on the Group's assets

As at 31 December 2013, the Group had aggregate borrowings of approximately RMB22,224.8 million, of which approximately RMB4,023.8 million will be repayable within 1 year, approximately RMB13,416.0 million will be repayable between 2 and 5 years and approximately RMB4,785.0 million will be repayable over 5 years. As at 31 December 2013, the Group's bank loans of approximately RMB5,662.3 million were secured by plant and equipment, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB13,683.8 million. The Group's offshore bank and other financing with an aggregate carrying value of RMB13,538.0 million are secured by the share pledge of certain of the Group's subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiary companies of the Group. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. Our interest rate risk is mainly from the floating interest rate of domestic bank loans.

Gearing

As at 31 December 2013, the Group's net debts (total borrowings net of cash and cash equivalents, short-term bank deposits and restricted cash) over total equity was 62.1% (31 December 2012: 66.8%). The Group's net current assets increased by 50.6% from RMB20,397.0 million as at 31 December 2012 to RMB30,721.8 million as at 31 December 2013, and the current ratio remained the same at 1.7 times as at 31 December 2013 as compared to that as at 31 December 2012.

Cost of borrowings

During the year, the Group's total cost of borrowings was RMB2,610.1 million, representing an increase of RMB968.3 million or 59.0% as compared to the corresponding period in 2012. The increase was primarily attributable to the early redemption premium of the Group's offshore debts of RMB521.0 million recorded in 2013 and the higher average debt balance during the year as compared to that in 2012.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong have recognized assets and liabilities in currencies other than RMB. As at 31 December 2013, the Group had cash and bank balances denominated in US\$ of approximately RMB296.1 million, and in HK dollar of approximately RMB23.3 million, the Senior Notes 2012, Senior Notes January 2013 and Senior Notes March 2013 in USD with an aggregate outstanding principal amount of US\$1,300.0 million, and other offshore banking facilities denominated in US\$ and HK\$, of US\$290.1 million and HK\$650.0 million respectively, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

On 22 April 2013, in connection with the Senior Notes April 2013, the Company entered into an arrangement with an offshore bank to manage the our currency and interest rate risk by using Renminbi-to-U.S. dollar currency swaps and have converted borrowings of RMB1.8 billion to approximately US\$291.0 million through currency swap.



Financial guarantees

As at 31 December 2013, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to our customers amounting to approximately RMB9,856.7 million (31 December 2012: approximately RMB6,786.2 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, we would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but we would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Material acquisitions and disposals of assets

During the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of assets.

Employees and remuneration policy

As at 31 December 2013, the Group had approximately 10,570 employees (31 December 2012: approximately 8,656 employees). The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance.



PROJECT PORTFOLIO – SUMMARY

We have accumulated substantial experience in developing 85 projects. The map below shows the geographical coverage of our property development projects as at 31 December 2013.

THE PAN-BOHAI RIM – SHENYANG, YINGKOU, ANSHAN, BENXI, PANJIN, HULUDAO, WEIFANG, QINGDAO, LIAOYANG, DANDONG, DALIAN

Shenyang Kaisa Center, Yingkou Dragon Bay, Yingkou Monarch Residence, Anshan Lake View Waldorf, Anshan Monarch Residence, Anshan Kaisa Plaza, Benxi Lake View Place, Panjin Kaisa Center, Huludao Suizhong Kaisa Dongdaihe, Weifang Kaisa Golden World, Qingdao Kaisa Lake View Place, Liaoyang Gongchangling Project, Dandong Kaisa Mansion No. 1, Dalian Kaisa Center, Dalian Kaisa Plaza

THE YANGTZE RIVER DELTA – JIANGYIN, CHANGZHOU, TAIZHOU, SHANGHAI, TAICANG, HANGZHOU

Jiangyin Lake View Place, Jiangyin Gushan Mocha Town, Jiangyin Kaisa Plaza, Jiangyin Zhouzhuang Golden World, Jiangyin Changjing Lake View Waldorf, Jiangyin Tonghui Garden, Jiangyin Fuqiao Homeland, Changzhou Phoenix Lake No.1, Taizhou Kaisa Mansion No.1, Shanghai Shanhuwan Garden, Shanghai Shangpin Garden, Shanghai Xiangyi Garden, Shanghai Xuhang Project, Shanghai Pudong Project, Taicang Lake View Waldorf, Hangzhou Jade Dragon Court, Hangzhou Kaisa Monarch Residence, Hangzhou Yuhang Wuchang Project

THE WESTERN CHINA REGION – CHENGDU, NANCHONG, CHONGQING

Chengdu Kaisa Monarch Residence, Chengdu Lijing Harbour, Chengdu Modern Town, Chengdu Kaisa Mansion No. 8, Chengdu Kaisa City Plaza, Nanchong Kaisa Plaza, Nanchong Monarch Residence, Chongqing Kaisa Plaza, Chongqing Dadukou Project

THE CENTRAL CHINA REGION – CHANGSHA, ZHUZHOU, WUHAN

Changsha Lake View Place, Changsha Kaisa Times Square, Changsha Meixi Lake Project, Zhuzhou Golden World, Wuhan Golden World, Wuhan Hanyang Project

THE PEARL RIVER DELTA – SHENZHEN, GUANGZHOU, FOSHAN, DONGGUAN, HUIZHOU, ZHUHAI

Shenzhen Woodland Height, Shenzhen Mocha Town, Shenzhen Kaisa Center, Shenzhen Lake View Place, Shenzhen Xiangrui Garden, Shenzhen Mingcui Garden, Shenzhen Jincui Garden, Shenzhen Shangpin Garden, Shenzhen Kaisa Global Center, Shenzhen Metro City, Shenzhen Kaisa City Plaza, Shenzhen Kaisa Metropolitan Homeland, Shenzhen Dapeng Kaisa Peninsula Resort, Shenzhen Kaisa Yuefeng Garden, Guangzhou Jinmao, Guangzhou Kaisa Plaza, Guangzhou Monarch Residence, Guangzhou Tianhe Project, Guangzhou Tongbao Project, Guangzhou Shatai Project, Guangzhou Huangpu Nanbo Project, Foshan Shunde Kaisa Mocha Town, Foshan Shunde Kaisa Shangpin Garden, Foshan Shunde Kaisa Golden World, Dongguan Zhongyang Haomen, Dongguan Dongjiang Haomen, Dongguan Shui'an Haomen, Dongguan Dijingwan, Dongguan Le Grand Bleu, Dongguan Oasis Town, Dongguan Yulongshan Garden, Huizhou Kaisa Mansion No. 1, Huizhou Kaisa Center, Huizhou Yuan Zhou Project, Huizhou Riverbank New Town, Zhuhai Lake View Waldorf Garden, Zhuhai Golden World





CITIES WE ENTERED INTO BEFORE 2013

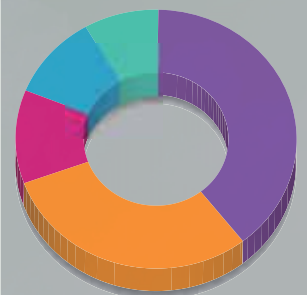
- 1 SHENYANG
- 2 ANSHAN
- 3 BENXI
- 4 LIAOYANG
- 5 PANJIN
- 6 HULUDAO
- 7 YINGKOU
- 8 DANDONG
- 9 DALIAN
- 10 WEIFANG
- 11 TAIZHOU
- 12 JIANGYIN
- 13 CHANGZHOU
- 14 TAICANG
- 15 SHANGHAI
- 16 HANGZHOU
- 17 WUHAN
- 18 CHANGSHA
- 19 ZHUZHOU
- 20 NANCHONG
- 21 CHENGDU
- 22 CHONGQING
- 23 GUANGZHOU
- 24 HUIZHOU
- 25 DONGGUAN
- 26 FOSHAN
- 27 ZHUHAI
- 28 SHENZHEN

NEWLY ENTERED CITIES

- 29 QINGDAO

Total GFA of approximately
23.3
million sq.m.

The Pearl River Delta	39.3%
The Pan-Bohai Bay Rim	29.8%
The Western China Region	11.7%
The Central China Region	10.6%
The Yangtze River Delta	8.6%



PROJECT PORTFOLIO – AS AT 31 DECEMBER 2013

No.	Project	Address	Location	Type ⁽¹⁾
The Pearl River Delta				
1	Shenzhen Woodland Height ⁽¹⁾	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center ⁽²⁾⁽³⁾	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longgang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen	Residential
6	Shenzhen Mingcui Garden	Ping'an Avenue, Liang antian Community, Pinghu Street, Longgang District	Shenzhen	Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
9	Shenzhen Kaisa Global Center ⁽⁴⁾	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City ⁽⁵⁾	Buji Station, Shenhui Road, Nanshan District, Buji Town, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen	Residential
12	Shenzhen Kaisa Metropolitan Homeland ⁽⁶⁾	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
13	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng District	Shenzhen	Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
15	Guangzhou Jinmao ⁽⁷⁾	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
16	Guangzhou Kaisa Plaza	No. 78 Huangpu Avenue West, Zhujiang New Town, Tianhe District	Guangzhou	Commercial
17	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
18	Guangzhou Tianhe Project	No. 555 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
19	Guangzhou Tongbao Project ⁽⁸⁾	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
20	Guangzhou Shatai Project	Lot No. 20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
21	Guangzhou Huangpu Nanbo Project ⁽⁹⁾	Lot No. 49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
22	Foshan Shunde Kaisa Mocha Town	Lot No. 1, South of the Central District, Xingtan Town, Shunde District	Foshan	Residential
23	Foshan Shunde Kaisa Shangpin Garden	Linshang North Road, Beijiao New Town, Shunde District	Foshan	Residential
24	Foshan Shunde Kaisa Golden World	West of Waihuang Road, Ponggall Town, Shunde District	Foshan	Residential
25	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
26	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
27	Dongguan Shu'an Haomen	Fengshan Avenue, Fenggang Town	Dongguan	Residential
28	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
29	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
30	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
31	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
32	Huizhou Kaisa Mansion No. 1	Gutang'ao Miaozaikeng	Huizhou	Residential
33	Huizhou Kaisa Center ⁽¹⁰⁾	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
34	Huizhou Yuan Zhou Project ⁽¹¹⁾	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
35	Huizhou Riverbank New Town	Jiangnan Section, Cuimeiyuan Village Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
36	Zhuhai Lake View Waldorf Garden	Shangsha Street, Wan'ai, Xiangzhou District	Zhuhai	Residential
37	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir, Jintaisi, Doumen Town, Doumen District	Zhuhai	Residential
The Western China Region				
38	Chengdu Kaisa Monarch Residence	Erijiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
39	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
40	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
41	Chengdu Kaisa Mansion No. 8	Sanzhiqiu South Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
42	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Street Office, Qingyang District	Chengdu	Residential
43	Nanchong Kaisa Plaza	No. 39, Zhengyang East Road, Shunqing District	Nanchong	Residential
44	Nanchong Monarch Residence	No. 308, Baibua Road, Shunqing District	Nanchong	Residential
45	Chongqing Kaisa Plaza	Longhouwan Street, Banan District	Chongqing	Residential
46	Chongqing Dadukou Project ⁽¹²⁾	Baqiao Town, Dadukou District	Chongqing	Residential
The Pan-Bohai Bay Rim				
47	Shenyang Kaisa Center ⁽¹³⁾	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
48	Yingkou Dragon Bay ⁽¹⁴⁾	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
49	Yingkou Monarch Residence ⁽¹⁵⁾	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
50	Anshan Lake View Waldorf ⁽¹⁶⁾	Shengli Bei Road, Lishan District	Anshan	Residential
51	Anshan Monarch Residence ⁽¹⁷⁾	South of Ziyu Dong Street, East of Anqian Road, Lishan District	Anshan	Residential
52	Anshan Kaisa Plaza ⁽¹⁸⁾	Renmin Road, Tiexi District	Anshan	Commercial
53	Benxi Lake View Place	Binxi Bei Road, Mingshan District	Benxi	Residential
54	Panjin Kaisa Center ⁽¹⁹⁾	No. 1, Shifu Avenue, Xinglongtai District	Panjin	Residential
55	Huludao Suizhong Kaisa Dongdahe ⁽²⁰⁾	South of Binhai Road, Dongdahe New Zone, Suizhong County	Huludao	Residential
56	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential
57	Qingdao Kaisa Lake View Place ⁽²¹⁾	East of Zhongjinger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
58	Liaoyang Gongchangling Project	Tanghe New Town, Gongchangling District	Liaoyang	Residential
59	Dandong Kaisa Mansion No. 1 ⁽²²⁾	South of Huanghai Street, Zhenxing District	Dandong	Residential
60	Dalian Kaisa Center	Donggang Business District, Zhongshan District	Dalian	Commercial
61	Dalian Kaisa Plaza	No. 271, Tianjin Street, Zhongshan District	Dalian	Commercial
The Central China Region				
62	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
63	Changsha Kaisa Times Square	Yingnan Dong Road, Furong District	Changsha	Residential
64	Changsha Meixi Lake Project	Meixi Lake, Yuelu District	Changsha	Residential
65	Zhuzhou Golden World	Liyu Central Business Area, Tianyuan District	Zhuzhou	Residential
66	Wuhan Golden World	Junction of Baisha Road and Qingling Dong Road, Qingling County, Hongshan District	Wuhan	Residential
67	Wuhan Hanyang Project	North of Zhiyin Avenue and West of Yangcheng West Road, Hanyang District	Wuhan	Residential
The Yangtze River Delta				
68	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaiwan Road and North of Renmin Dong Road	Jiangyin	Residential
69	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
70	Jiangyin Kaisa Plaza ⁽²³⁾	No. 1091, Ren Min Dong Road	Jiangyin	Residential
71	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
72	Jiangyin Changling Lake View Waldorf	East of Xinglong Road, South of Dongshun Road, Changling Town	Jiangyin	Residential
73	Jiangyin Tonghui Garden	South of Tongfu Road, West of Tongjiang Road, North of Tonghui Road	Jiangyin	Residential
74	Jiangyin Fujiao Homeland	South of Binjiang Road, West of Tongdu Road, North of Chengxi Road	Jiangyin	Residential
75	Changzhou Phoenix Lake No. 1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
76	Taizhou Kaisa Mansion No. 1	West of No. 11 Road, North of Chenzhuang Road, Taizhou Economic Development Zone	Taizhou	Residential
77	Shanghai Shanhuwan Garden	No. 4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
78	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
79	Shanghai Xiangyi Garden	No. 99 Alley, Juting Road, Zhuangshang Town, Fengxian District	Shanghai	Residential
80	Shanghai Xuhang Project	Intersection of Chengliu Road and Shengshu East Road, Xuhang Town, Jiading District	Shanghai	Residential
81	Shanghai Pudong Project	Intersection of Middle Yanggao Road and Minsheng Road, Pudong District	Shanghai	Commercial
82	Taicang Lake View Waldorf	No. 1 Jinnan Road, Science-Education New Town	Taicang	Residential
83	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang Holiday Resort Area, Xihu District	Hangzhou	Residential
84	Hangzhou Kaisa Monarch Residence ⁽²⁴⁾	West of Donghu Road and North of Shitang Road, Qiaosi Community, Yuhang District	Hangzhou	Residential
85	Hangzhou Yuhang Wuchang Project ⁽²⁵⁾	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
Total⁽²⁶⁾				

Notes:

(1) Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.

(2) The projects are renovation developments of once distressed assets and partially completed properties.

(3) Including

- (i) Guangzhou Tongbao Project;
- (ii) Guangzhou Huangpu Nanbo Project;
- (iii) Chongqing Dadukou Project;
- (iv) a portion of land with a site area of 86,637 sq.m. for Yingkou Dragon Bay;
- (v) a portion of land with a site area of 31,578 sq.m. for Yingkou Monarch Residence;
- (vi) a portion of land with a site area of 265,832 sq.m. for Anshan Lake View Waldorf;
- (vii) Anshan Monarch Residence;
- (viii) a portion of land with a site area of 1,753 sq.m. for Anshan Kaisa Plaza;
- (ix) a portion of land with a site area of 22,244 sq.m. for Panjin Kaisa Center;
- (x) a portion of land with a site area of 526,518 sq.m. for Huludao Suizhong Kaisa Dongdahe;

Project Phase	Site Area (sq.m.)	Total GFA (sq.m.)	Total GFA			Interest Attributable to us
			Completed Properties (sq.m.)	Properties under Development (sq.m.)	Properties held for Future Development (sq.m.)	
1-8	160,514	580,135	580,135	—	—	100%
1-7	185,724	735,299	735,299	—	—	100%
—	5,966	98,241	98,241	—	—	100%
1-5	182,064	388,626	388,626	—	—	100%
—	57,984	143,796	143,796	—	—	100%
1-4	102,439	394,663	394,663	—	—	100%
—	9,066	105,830	105,830	—	—	100%
—	45,829	231,572	231,572	—	—	100%
—	14,411	142,000	—	—	142,000	100%
—	5,241	124,479	—	—	—	100%
1-3	179,642	1,084,854	328,951	165,203	590,700	80%
—	19,383	138,321	138,321	—	—	100%
1-2	48,256	186,215	77,826	108,389	—	100%
1-2	47,890	165,482	128,402	37,080	—	100%
—	14,192	233,322	233,322	—	—	100%
—	7,106	117,522	117,522	—	—	100%
—	7,707	56,666	56,666	—	—	100%
—	15,178	45,534	—	—	45,534	51%
—	65,627	72,966	—	—	72,966	100%
—	19,671	35,479	—	—	35,479	80%
1-4	190,742	425,831	—	—	425,831	51%
1-2	71,200	234,422	234,422	—	—	100%
—	32,819	98,021	98,021	—	—	100%
1-4	197,584	493,961	—	428,191	65,770	51%
1-4	82,742	377,481	324,322	53,159	—	100%
1-3	86,324	243,296	127,423	115,873	—	100%
1-2	70,734	200,386	143,926	56,460	—	80%
—	46,474	155,432	155,432	—	—	100%
1-5	239,050	525,934	—	—	525,934	100%
—	65,020	150,772	—	150,772	—	100%
—	33,910	84,775	—	—	84,775	100%
—	89,998	267,995	—	—	267,995	100%
1-3	70,859	734,076	104,644	629,432	—	100%
—	20,400	61,200	—	—	61,200	100%
1-10	1,663,969	4,326,238	114,618	499,389	3,712,231	100%
1-3	164,354	550,431	110,989	69,327	370,115	100%
1-4	192,711	256,305	96,192	63,329	96,784	100%
1-6	182,666	931,313	594,842	336,471	—	100%
1-7	150,071	761,542	761,542	—	—	100%
1-2	133,269	362,420	362,420	—	—	100%
1-6	120,570	421,995	81,292	260,177	80,526	80%
1-2	51,256	143,516	—	—	143,516	70%
—	29,541	116,390	116,390	—	—	100%
1-7	256,188	757,669	284,557	434,785	38,327	100%
1-2	84,959	297,357	—	133,511	163,846	51%
1-10	324,329	733,267	—	—	733,267	100%
—	21,423	292,331	—	292,331	—	100%
1-2	307,306	607,354	31,560	315,883	259,911	72%
1-2	103,500	344,267	140,749	92,996	110,522	100%
1-3	477,463	1,359,251	94,957	242,742	1,021,552	100%
1-2	129,739	389,216	—	—	389,216	100%
—	9,763	76,220	72,264	—	3,956	100%
—	122,200	356,823	—	323,120	33,703	100%
1-2	52,812	380,082	—	170,717	209,375	71%
1-4	1,339,750	2,236,215	22,730	681,363	1,532,122	100%
1-4	164,469	246,704	—	131,112	115,592	100%
1-3	206,879	273,420	—	135,369	138,051	100%
—	372,427	256,975	—	—	256,975	100%
1-3	133,340	293,326	—	124,946	168,380	100%
—	26,610	119,700	—	119,700	—	100%
—	15,955	78,454	78,454	—	—	100%
1-4	673,536	1,683,840	548,132	330,071	745,637	100%
—	21,770	107,431	—	107,431	—	100%
1-2	143,212	340,418	—	—	340,418	100%
1-3	222,177	596,594	342,448	254,146	—	100%
1-3	181,493	605,941	185,306	420,635	—	100%
1-2	40,351	116,323	—	—	116,323	100%
1-3	225,530	272,274	272,274	—	—	100%
1-4	76,465	132,849	132,849	—	—	100%
1-3	158,241	424,359	191,699	232,660	—	100%
1-2	103,589	220,546	110,587	109,959	—	100%
1-2	93,275	149,763	55,349	94,414	—	100%
—	41,440	73,615	—	73,615	—	51%
—	35,801	114,563	—	—	114,563	51%
1-2	101,819	253,356	253,356	—	—	100%
1-3	192,505	372,993	—	72,430	300,563	51%
1-4	104,796	140,151	140,151	—	—	100%
—	23,307	84,448	—	84,448	—	100%
1-2	143,053	203,889	—	116,607	87,282	72%
1-3	117,257	259,935	—	177,194	82,741	100%
—	11,088	49,896	—	—	49,896	51%
1-3	87,741	201,346	201,346	—	—	100%
—	38,376	98,041	—	98,041	—	100%
—	35,595	73,190	—	—	73,190	100%
1-2	75,214	142,080	—	—	142,080	100%
	12,278,926	32,821,216	10,468,894	8,403,478	13,948,844	

(xi) a portion of land with a site area of 113,991 sq.m. for Qingdao Kaisa Lake View Place;

(xii) a portion of land with a site area of 73,601 sq.m. for Dandong Kaisa Mansion No. 1;

(xiii) Hangzhou Kaisa Monarch Residence;

(xiv) Hangzhou Yuhang Wuchang Project;

for which as at December 31, 2013, we have not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process.

(4) Based on our internal project plans but subject to the governmental approval.

(5) Including completed properties sold.

(6) Including certain commercial spaces held for investment. Such commercial spaces are held either under long term lease (for Shenzhen Woodland Height, with GFA of approximately 12,886 sq.m.) or medium term lease (for Shenzhen Kaisa Center, Phase 1 of Huizhou Kaisa Center and a portion of Anshan Kaisa Plaza, with GFA attributable to the Group of approximately 19,170 sq.m., 12,008 sq.m. and 32,484 sq.m., respectively).

(7) Including certain commercial spaces and car parks held for investment under medium term lease, with an aggregate GFA of approximately 43,503 sq.m.

(8) Including certain office and commercial spaces held for investment. Such office and commercial spaces are held either under long term lease (for Phase 2 of Huizhou Kaisa Center with GFA of approximately 146,278 sq.m.) or medium term lease (for Shenzhen Kaisa Global Center, Jiangyin Kaisa Plaza and Shenyang Kaisa Center, with GFA of approximately 142,000 sq.m., 62,662 sq.m. and 113,219 sq.m., respectively).

(9) As of December 31, 2013, completed properties held for sale had a total GFA of approximately 982,718 sq.m.

PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 31 December 2013. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq.m.)	Saleable GFA or Estimated Total Saleable GFA (sq.m.)
Shenzhen Kaisa City Plaza	Shenzhen	2	165,203	140,422
Shenzhen Dapeng Kaisa Peninsula Resort	Shenzhen	2	108,389	92,131
Shenzhen Kaisa Yuefeng Garden	Shenzhen	2	37,080	31,518
Foshan Shunde Kaisa Golden World	Foshan	1	145,390	123,581
Foshan Shunde Kaisa Golden World	Foshan	2	75,173	63,897
Foshan Shunde Kaisa Golden World	Foshan	3	117,355	99,752
Foshan Shunde Kaisa Golden World	Foshan	4	90,273	76,731
Dongguan Zhongyang Haomen	Dongguan	4	53,159	45,185
Dongguan Dongjiang Haomen	Dongguan	2	59,040	59,040
Dongguan Dongjiang Haomen	Dongguan	3	56,833	56,833
Dongguan Shui'an Haomen	Dongguan	2	56,460	47,991
Dongguan Oasis Town	Dongguan	—	150,772	150,772
Huizhou Kaisa Center	Huizhou	2	450,720	383,112
Huizhou Kaisa Center	Huizhou	3	178,712	151,905
Huizhou Riverbank New Town	Huizhou	2	69,751	59,288
Huizhou Riverbank New Town	Huizhou	3	279,244	237,357
Huizhou Riverbank New Town	Huizhou	4	150,394	127,835
Zhuhai Lake View Waldorf Garden	Zhuhai	1	69,327	58,928
Zhuhai Golden World	Zhuhai	2	63,329	53,830
Chengdu Kaisa Monarch Residence	Chengdu	5	190,258	161,719
Chengdu Kaisa Monarch Residence	Chengdu	6	146,213	124,281
Chengdu Kaisa Mansion No. 8	Chengdu	2	167,760	142,596
Chengdu Kaisa Mansion No. 8	Chengdu	3	92,417	64,170
Nanchong Monarch Residence	Nanchong	4	177,074	150,513
Nanchong Monarch Residence	Nanchong	5	139,770	118,805
Nanchong Monarch Residence	Nanchong	6	117,941	100,249
Chongqing Kaisa Plaza	Chongqing	1	133,511	113,484
Shenyang Kaisa Center	Shenyang	—	292,331	248,481
Yingkou Dragon Bay	Yingkou	1	315,883	268,501
Yingkou Monarch Residence	Yingkou	1	92,996	79,047
Anshan Lake View Waldorf	Anshan	1	172,670	146,770
Anshan Lake View Waldorf	Anshan	2	70,072	59,561
Benxi Lake View Place	Benxi	—	323,120	274,652
Panjin Kaisa Center	Panjin	1	170,717	122,338
Huludao Suizhong Kaisa Dongdaihe	Huludao	1	554,846	499,361
Huludao Suizhong Kaisa Dongdaihe	Huludao	2	126,517	113,865
Weifang Kaisa Golden World	Weifang	1	131,112	111,445
Qingdao Kaisa Lake View Place	Qingdao	1	135,369	115,063
Dandong Kaisa Mansion No. 1	Dandong	1	124,946	103,515
Dalian Kaisa Center	Dalian	—	119,700	101,745
Changsha Lake View Place	Changsha	3	266,400	224,112
Changsha Lake View Place	Changsha	4	123,671	105,120
Changsha Kaisa Times Square	Changsha	—	107,431	91,316
Zhuzhou Golden World	Zhuzhou	2	30,115	25,597
Zhuzhou Golden World	Zhuzhou	3	224,031	190,426
Wuhan Golden World	Wuhan	2	238,509	202,733
Wuhan Golden World	Wuhan	3	182,126	154,807
Jiangyin Kaisa Plaza	Jiangyin	1	112,132	95,311
Jiangyin Kaisa Plaza	Jiangyin	3	120,528	102,449
Jiangyin Zhouzhuang Golden World	Jiangyin	2	109,959	93,465
Jiangyin Changjing Lake View Waldorf	Jiangyin	2	94,414	80,252
Jiangyin Tonghui Garden	Jiangyin	—	73,615	62,573
Taizhou Kaisa Mansion No. 1	Taizhou	1	72,430	61,567
Shanghai Shangpin Garden	Shanghai	—	84,448	71,780
Shanghai Xiangyi Garden	Shanghai	1	116,607	99,116
Shanghai Xuhang Project	Shanghai	1	124,978	106,231
Shanghai Xuhang Project	Shanghai	2	52,216	44,384
Hangzhou Jade Dragon Court	Hangzhou	—	98,041	83,335
Total			8,403,478	7,174,843

Commencement Time	Status of Pre-sale permit	Estimated Completion Time	Interest Attributable to us
July 2013	Yes	2015 2nd quarter	80%
December 2012	Not yet obtained	2014 3rd quarter	100%
August 2012	Not yet obtained	2015 1st quarter	100%
May 2011	Yes	2014 1st quarter	51%
August 2011	Yes	2014 3rd quarter	51%
October 2011	Not yet obtained	2014 2nd quarter	51%
October 2013	Not yet obtained	2015 2nd quarter	51%
September 2011	Yes	2014 3rd quarter	100%
December 2010	Yes	2014 2nd quarter	100%
January 2013	Yes	2014 3rd quarter	100%
March 2012	Yes	2014 2nd quarter	80%
January 2013	Yes	2014 4th quarter	100%
April 2011	Yes	2014 1st quarter	100%
August 2013	Not yet obtained	2015 2nd quarter	100%
April 2011	Yes	2014 1st quarter	100%
October 2011	Yes	2014 1st quarter	100%
December 2013	Not yet obtained	2015 2nd quarter	100%
March 2011	Yes	2014 1st quarter	100%
August 2011	Not yet obtained	2014 1st quarter	100%
May 2012	Yes	2014 4th quarter	100%
June 2012	Yes	2014 4th quarter	100%
March 2013	Yes	2014 3rd quarter	80%
May 2013	Yes	2014 4th quarter	80%
July 2012	Yes	2014 2nd quarter	100%
November 2012	Yes	2014 4th quarter	100%
September 2013	Yes	2015 4th quarter	100%
September 2013	Yes	2015 2nd quarter	51%
May 2012	Yes	2014 4th quarter	100%
July 2011	Yes	2014 3rd quarter	52%
June 2011	Yes	2014 2nd quarter	100%
October 2011	Yes	2014 2nd quarter	100%
August 2013	Yes	2014 2nd quarter	100%
September 2011	Yes	2014 1st quarter	100%
March 2012	Yes	2014 2nd quarter	71%
October 2011	Yes	2014 1st quarter	100%
August 2013	Yes	2014 2nd quarter	100%
November 2012	Yes	2014 4th quarter	100%
October 2013	Yes	2015 3rd quarter	100%
September 2013	Yes	2014 4th quarter	100%
September 2013	Yes	2015 1st quarter	100%
November 2011	Yes	2014 2nd quarter	100%
April 2013	Yes	2015 2nd quarter	100%
March 2013	Yes	2014 4th quarter	100%
October 2011	Yes	2014 1st quarter	100%
March 2013	Yes	2014 4th quarter	100%
January 2013	Yes	2014 4th quarter	100%
September 2013	Not yet obtained	2015 2nd quarter	100%
January 2011	Yes	2014 1st quarter	100%
October 2011	Yes	2014 2nd quarter	100%
May 2011	Yes	2014 2nd quarter	100%
June 2012	Not yet obtained	2014 3rd quarter	100%
May 2013	Not yet obtained	2014 3rd quarter	51%
February 2013	Yes	2014 4th quarter	51%
February 2013	Yes	2014 3rd quarter	100%
April 2013	Yes	2014 4th quarter	51%
November 2013	Not yet obtained	2015 3rd quarter	100%
December 2013	Not yet obtained	2015 4th quarter	100%
February 2012	Yes	2014 4th quarter	100%

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 31 December 2013.

Project
Shenzhen Kaisa Global Center
Shenzhen Kaisa City Plaza
Guangzhou Tianhe Project
Guangzhou Tongbao Project
Guangzhou Shatai Project
Guangzhou Huangpu Nanbo Project
Foshan Shunde Kaisa Golden World
Dongguan Le Grand Bleu
Dongguan Yulongshan Garden
Huizhou Kaisa Mansion No. 1
Huizhou Yuan Zhou Project
Huizhou Riverbank New Town
Zhuhai Lake View Waldorf Garden
Zhuhai Golden World
Chengdu Kaisa Mansion No. 8
Chengdu Kaisa City Plaza
Nanchong Monarch Residence
Chongqing Kaisa Plaza
Chongqing Dadukou Project
Yingkou Dragon Bay
Yingkou Monarch Residence
Anshan Lake View Waldorf
Anshan Monarch Residence
Anshan Kaisa Plaza
Benxi Lake View Place
Panjin Kaisa Center
Huludao Suizhong Kaisa Dongdaihe
Weifang Kaisa Golden World
Qingdao Kaisa Lake View Place
Liaoyang Gongchangling Project
Dandong Kaisa Mansion No. 1
Changsha Lake View Place
Changsha Meixi Lake Project
Wuhan Hanyang Project
Jiangyin Fuqiao Homeland
Taizhou Kaisa Mansion No. 1
Shanghai Xiangyi Garden
Shanghai Xuhang Project
Shanghai Pudong Project
Hangzhou Kaisa Monarch Residence
Hangzhou Yuhang Wuchang Project
Total

Note:
(1) For projects with multiple phases, the estimated time for completing the first phase of the project.

Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Shenzhen	—	142,000	2018
Shenzhen	2-3	590,700	2015
Guangzhou	—	45,534	2017
Guangzhou	—	72,966	2016
Guangzhou	—	35,479	2016
Guangzhou	1-4	425,831	2016
Foshan	4	65,770	2015
Dongguan	1-5	525,934	2015
Dongguan	—	84,775	2015
Huizhou	—	267,995	2014
Huizhou	—	61,200	2015
Huizhou	5-10	3,712,231	2015
Zhuhai	2-3	370,115	2015
Zhuhai	3-4	96,784	2014
Chengdu	4-6	80,526	2015
Chengdu	1-2	143,516	2014
Nanchong	7	38,327	2015
Chongqing	2	163,846	2016
Chongqing	1-10	733,267	2016
Yingkou	2-3	259,911	2015
Yingkou	2-3	110,522	2015
Anshan	2-3	1,021,552	2015
Anshan	1-2	389,216	2014
Anshan	—	3,956	2014
Benxi	—	33,703	2015
Panjin	2	209,375	2014
Huludao	1-4	1,532,122	2015
Weifang	2-4	115,592	2015
Qingdao	1-3	138,051	2015
Liaoyang	—	256,975	2015
Dandong	2-3	168,380	2015
Changsha	4	745,637	2015
Changsha	1-2	340,418	2016
Wuhan	1-2	116,323	2014
Jiangyin	—	114,563	2015
Taizhou	2-3	300,563	2014
Shanghai	2	87,282	2015
Shanghai	3	82,741	2016
Shanghai	—	49,896	2016
Hangzhou	—	73,190	2015
Hangzhou	1-2	142,080	2014
		13,948,844	

THE PEARL RIVER DELTA

SHENZHEN

SHENZHEN KAISA METROPOLITAN HOMELAND

(深圳佳兆業新都匯家園)

Shenzhen Kaisa Metropolitan Homeland is located at Longgang Avenue, Buji, Longgang District, Shenzhen. It is directly connected to the Mumianwan metro station, which is only 15 minutes away from Luohu district. This project occupies an aggregate site area of approximately 19,393 sq.m. with a total GFA of approximately 138,321 sq.m. This project is expected to comprise two high-rise residential buildings with commercial space.



SHENZHEN KAISA GLOBAL CENTER

(深圳佳兆業環球中心)

Shenzhen Kaisa Global Center is located at Shennan Avenue in Futian District, Shenzhen. Shenzhen Science and Technology Museum Station of Shenzhen Metro Line No. 1, Shenzhen Ping'an Bank Building and Shenzhen New City Plaza are in the vicinity of this project. Shenzhen Kaisa Global Center occupies an aggregate site area of approximately 14,411 sq.m. with a total GFA of approximately 142,000 sq.m. Shenzhen Kaisa Global Center is expected to comprise one high-rise office building with hotel, retail space and public car parking spaces.





SHENZHEN KAISA CITY PLAZA (深圳佳兆業城市廣場)

Shenzhen Kaisa City Plaza is an urban redevelopment project and is located at Banxuegang Avenue, Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 179,642 sq.m. with a total GFA of approximately 1,084,854 sq.m. The project has currently obtained the final approval from the relevant department of Shenzhen Government and can be used for commercial and residential purposes. This project is expected to be a large scale integrated residential, commercial and hotel project, with a kindergarten, a nine-year integrated curriculum school and other ancillary facilities. The project is divided into three phases and is expected to comprise 29 high-rise buildings.



SHENZHEN DAPENG KAISA PENINSULA RESORT (深圳大鵬佳兆業假日廣場)

Shenzhen Dapeng Kaisa Peninsula Resort is a redevelopment project located at Yingbin Avenue, Dapeng New District, Shenzhen. This project occupies an aggregate site area of approximately 48,256 sq.m. with a total GFA of approximately 186,215 sq.m. The project is expected to comprise five high-rise residential buildings, one hotel and commercial properties, and is divided into two phases.

SHENZHEN KAISA YUEFENG GARDEN (深圳佳兆業悦峰花園)

Shenzhen Kaisa Yuefeng Garden is located at Bulong Road, Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 47,890 sq.m. with a total GFA of approximately 165,482 sq.m. This project is expected to be a residential complex and is divided into two phases.



HUIZHOU

HUIZHOU KAISA CENTER (惠州佳兆業中心)

Huizhou Kaisa Center is located in Jiangbei Community, Huicheng District, Huizhou. Huizhou Municipal Government Building, Huizhou Light Rail No. 1 and Huizhou-Dongguan Intercity Light Rail are in the vicinity. This project occupies an aggregate site area of approximately 70,859 sq.m. with a total GFA of approximately 734,076 sq.m. Huizhou Kaisa Center is expected to be a residential-commercial integrated project which comprises 2 high-rise residential buildings, one office building with a hotel and complementary commercial properties. The project is divided into three phases.





HUIZHOU RIVERBANK NEW TOWN (惠州東江新城)

Huizhou Riverbank New Town is located in Boluo County, Huizhou and adjacent to Binjiang Park. This project occupies an aggregate site area of approximately 1,663,969 sq.m. with a total GFA of approximately 4,326,238 sq.m. This project is expected to be a residential-commercial integrated project, mainly comprising villas, townhouses, multi-level and high-rise residential, hotel and commercial ancillary properties. The project is expected to be divided into 10 phases.



GUANGZHOU

GUANGZHOU TIANHE PROJECT (廣州天河項目)

Guangzhou Tianhe Project is located at the intersection of Huangpu Avenue and Chebei Road, Chebei Nan Station of Guangzhou Metro Line No. 5, within the scope of the planned Guangzhou International Financial Town, in Tianhe District in Guangzhou. The project occupies an aggregate site area of approximately 15,178 sq.m. with a total GFA of approximately 45,534 sq.m., including residential space of approximately 41,350 sq.m. and commercial space of 4,184 sq.m.

GUANGZHOU TONGBAO PROJECT (廣州同寶項目)

Guangzhou Tongbao Project is located at Tongbao Road, North of Guangzhou Avenue, Baiyun District in Guangzhou, with Tonghe Station of Guangzhou Metro Line No. 3 in the vicinity. The project occupies an aggregate site area of approximately 65,627 sq.m. with a total GFA of approximately 143,121 sq.m., of which 70,155 sq.m. is for social housing and healthcare establishments. This project will be developed into residential products with saleable GFA of approximately 72,966 sq.m. This project is expected to comprise high-rise residential buildings and villas with supplementary commercial space.



GUANGZHOU SHATAI PROJECT (廣州沙太項目)

Guangzhou Shatai Project is located at Shatai Road, Baiyun District in Guangzhou, with Meihuayuan Station of Guangzhou Metro Line No. 3 in the vicinity. The project occupies a site area of approximately 19,671 sq.m., with a total GFA of approximately 55,079 sq.m., of which 19,600 sq.m. is for development of social housing. The project will be developed into residential products with saleable GFA of approximately 35,479 sq.m. The project is expected to comprise three high-rise residential buildings with a clubhouse.





GUANGZHOU HUANGPU NANBO PROJECT (廣州黃埔南坡項目)

Guangzhou Huangpu Nanbo Project is located at Nangang, Yunpu Industrial Zone, Huangpu District in Guangzhou. The project occupies a site area of approximately 190,742 sq.m., with a total GFA of approximately 583,631 sq.m., of which 157,800 sq.m. is for development of social housing. The project will be developed into residential and commercial integrated project with saleable GFA of approximately 425,831 sq.m. and it is divided into four phases.

DONGGUAN

DONGGUAN OASIS TOWN (東莞城市綠洲花園)

Dongguan Oasis Town is located at Nancheng District, Dongguan and in the vicinity of the Nancheng District Government. This project occupies an aggregate site area of approximately 65,020 sq.m. with an expected total GFA of approximately 150,772 sq.m. This project is expected to be a commercial-residential complex.



DONGGUAN LE GRAND BLEU (東莞沙田碧海雲天花園)

Dongguan Le Grand Bleu is an urban redevelopment project and is located at Shatian Town, Dongguan, which is the intersection of east coast of Shiziyang of Pearl River Delta and river mouth of straight stream of Dongjiang. This project occupies an aggregate site area of approximately 239,050 sq.m. with an expected total GFA of approximately 525,934 sq.m. This project is expected to be a residential complex and is divided into five phases.



DONGGUAN YULONGSHAN GARDEN (東莞御龍山花園)

Dongguan Yulongshan Garden is located at Jinzhou Community, Humen Town in Dongguan. The project occupies an aggregate site area of approximately 33,910 sq.m. with planned GFA of approximately 84,775 sq.m. This project is expected to be developed into residential products with supplementary commercial space.





ZHUHAI

ZHUHAI LAKE VIEW WALDORF GARDEN (珠海水岸華都花園)

Zhuhai Lake View Waldorf Garden is located at Shangsha Street, Wanzai, Xiangzhou District, Zhuhai, which is very close to the Customs of Wanzai, Zhuhai and Macau. This project occupies an aggregate site area of approximately 164,354 sq.m. with a total GFA of approximately 550,431 sq.m. This project is expected to be a residential complex comprising buildings and ancillary facilities, and is divided into three phases.

THE WESTERN CHINA REGION

CHONGQING

CHONGQING KAISA PLAZA (重慶佳兆業廣場)

Chongqing Kaisa Plaza is located at Longzhouwan Street, Banan District, Chongqing. The project occupies an aggregate site area of approximately 84,959 sq.m. with a total GFA of approximately 297,357 sq.m. This residential project is expected to be divided into 2 phases.



CHONGQING DADUKOU PROJECT (重慶大渡口區項目)

Chongqing Dadukou Project is located at Liujiaba, Dadukou District, Chongqing. The project occupies an aggregate site area of approximately 324,329 sq.m. with a total GFA of approximately 733,267 sq.m. This project is expected to be a residential complex with research and development oriented industrial office.





CHENGDU

CHENGDU KAISA MANSION NO. 8 (成都佳兆業8號)

Chengdu Kaisa Mansion No.8 is located at Dongsheng Street, Shuangliu County, Chengdu. The project occupies an aggregate site area of approximately 120,570 sq.m. with a total GFA of approximately 421,995 sq.m. This residential project is expected to be divided into six phases.



CHENGDU KAISA CITY PLAZA (成都佳兆業城市廣場)

Chengdu Kaisa City Plaza is located at Wenjia Street, Qingyang District in Chengdu. This project occupies an aggregate site area of approximately 51,256 sq.m. with a total GFA of approximately 143,516 sq.m. This project will be developed into residential complex and is divided into two phases.

CHENGDU KAISA MONARCH RESIDENCE (成都佳兆業君匯上品)

Chengdu Kaisa Monarch Residence is located in Huayang Town, Shuangliu County, Chengdu. This project occupies an aggregate site area of approximately 182,666 sq.m. with a total GFA of approximately 931,313 sq.m. Chengdu Kaisa Monarch Residence is expected to be a residential project which comprises mainly high-rise residential buildings. The project is also expected to include one clubhouse and a kindergarten and is divided into six phases.



THE PAN-BOHAI BAY RIM



SHENYANG

SHENYANG KAISA CENTER (瀋陽佳兆業中心)

Shenyang Kaisa Center is located in Qingnian Avenue, Shenhe District, Shenyang, which is at the core of Jinlang Commercial Circle. This project occupies an aggregate site area of approximately 21,423 sq.m. with a total GFA of approximately 292,331 sq.m. This project is expected to be a residential-commercial project which comprises two residential buildings, one office building and commercial properties.

DALIAN

DALIAN KAISA CENTER (大連佳兆業中心)

Dalian Kaisa Center is located at Donggang Business District, Zhongshan District, Dalian. The project occupies an aggregate site area of approximately 26,610 sq.m. with a total GFA of approximately 119,700 sq.m. The commercial project is in the vicinity of metro station in Dalian's CBD.



QINGDAO

QINGDAO KAISA LAKE VIEW PLACE (青島佳兆業水岸新都)

Qingdao Kaisa Lake View Place is located at East of Zhongjing'er Road, Xiazhuang Street, Chengyang District in Qingdao. The project occupies an aggregate site area of approximately 206,879 sq.m. with a total GFA of approximately 273,420 sq.m. This project is expected to be a residential complex with supplementary commercial space and is divided into three phases.



ANSHAN

ANSHAN LAKE VIEW WALDORF (鞍山水岸華府)

Anshan Lake View Waldorf is located in Lishan District, Anshan. This project occupies an aggregate site area of approximately 477,463 sq.m. with a total GFA of approximately 1,359,251 sq.m. This project is expected to be an integrated commercial-residential project and will be developed in three phases. It will primarily comprise apartments, villas, clubhouse, low-rise and high-rise residential buildings, and will also include commercial properties such as office buildings, furnished apartments and commercial streets.





HULUDAO

HULUDAO SUIZHONG KAISA DONGDAIHE (葫蘆島綏中佳兆業東戴河)

Huludao Suizhong Kaisa Dongdaihe is located at Binhai Economic Zone, Suizhong County, Huludao connecting the major routes between northern and northeast China and is in the vicinity of the scenic region of Shanhaiguan and occupies a quality coastline of 4 km that enjoy a splendid natural environment. This project occupies an aggregate site area of approximately 1,339,750 sq.m. with an expected total GFA of approximately 2,236,215 sq.m. This project is expected to be a large scale residential-commercial complex and is divided into four phases.



DANDONG

DANDONG KAISA MANSION NO. 1 (丹東佳兆業壹號)

Dandong Kaisa Mansion No. 1 is located at Huanghai Street, Zhenxing District, Dandong. This project occupies an aggregate site area of approximately 133,340 sq.m. with a total GFA of approximately 293,326 sq.m. This project is expected to be a residential project with commercial space and is divided into three phases.

THE CENTRAL CHINA REGION

WUHAN

WUHAN GOLDEN WORLD (武漢金城天下)

Wuhan Golden World is located at the junction of Baisha Road and Qingling East Road, Qingling County, Hongshan District, Wuhan. This project occupies an aggregate site area of approximately 181,493 sq.m. with a total GFA of approximately 605,941 sq.m. This project is expected to be a residential complex and is divided into three phases.



WUHAN HANYANG PROJECT (武漢漢陽項目)

Wuhan Hanyang Project is located at North of Zhiying Avenue and West of Yangcheng West Road, Hanyang District, Wuhan. The project occupies an aggregate site area of approximately 40,351 sq.m. with planned GFA of approximately 129,248 sq.m., of which the GFA of approximately 12,925 sq.m. will be developed into social housing. This project will be developed into residential products with saleable GFA of approximately 116,323 sq.m. and is divided into two phases.





CHANGSHA

CHANGSHA KAISA TIMES SQUARE (長沙佳兆業時代廣場)

Changsha Kaisa Times Square is located at Yingpan Road, Furong District in Changsha. The project occupies an aggregate site area of approximately 21,770 sq.m. with a total GFA of approximately 107,431 sq.m. This project will be developed into a residential project with commercial space.



CHANGSHA LAKE VIEW PLACE (長沙水岸新都)

Changsha Lake View Place is located in Tiaoma County, Changsha. This project occupies an aggregate site area of approximately 673,536 sq.m. with a total GFA of approximately 1,683,840 sq.m. Changsha Lake View Place is a residential project which comprises low-rise and high-rise residential buildings, townhouses and stacked villa. This project is divided into four phases.

CHANGSHA MEIXI LAKE PROJECT (長沙梅溪湖項目)

Changsha Meixi Lake Project is located at Meixi Lake, Yuelu District, Changsha. This project occupies an aggregate site area of approximately 143,212 sq.m. with a total GFA of approximately 340,418 sq.m. This project will be developed into residential products.



THE YANGTZE RIVER DELTA



SHANGHAI

SHANGHAI SHANGPIN GARDEN (上海尚品雅苑)

Shanghai Shangpin Garden is located at Malu Town, Jiading District in Shanghai. The project occupies an aggregate site area of approximately 23,307 sq.m. with a total GFA of approximately 84,448 sq.m. This project is expected to be a residential project.



SHANGHAI XIANGYI GARDEN (上海香溢雅苑)

Shanghai Xiangyi Garden is located at Juting Road, Zhuanghang Town, Fengxian District in Shanghai. The project occupies an aggregate site area of approximately 143,053 sq.m., with a total GFA of approximately 203,889 sq.m. This project is expected to be a residential project and is divided into two phases.

SHANGHAI XUHANG PROJECT (上海徐行項目)

Shanghai Xuhang Project is located at Xuhang Town, Jiading District, Shanghai. This project occupies an aggregate site area of approximately 117,257 sq.m. with a total GFA of approximately 259,935 sq.m. This project is expected to be a residential-commercial integrated project which comprises primarily residential buildings, office buildings, one hotel and commercial properties. The project is divided into three phases.



SHANGHAI PUDONG PROJECT (上海浦東項目)

Shanghai Pudong Project is located at the intersection of Minsheng Road and Middle of Yanggao Road, in Pudong New District, Shanghai. The project occupies an aggregate site area of approximately 11,088 sq.m. with a total GFA of approximately 49,896 sq.m. This project is expected to be developed into a high-rise office building.





HANGZHOU

HANGZHOU JADE DRAGON COURT (杭州玫瑰雅苑)

Hangzhou Jade Dragon Court is located at north of Zhennan Road, Zhijiang Holiday Resort Area in Hangzhou. This project occupies an aggregate site area of approximately 39,376 sq.m. with a total GFA of approximately 98,041 sq.m. This project is expected to be a residential complex.



HANGZHOU KAISA MONARCH RESIDENCE (杭州佳兆業君滙上品)

Hangzhou Kaisa Monarch Residence is located at Donghu Road, Qiaosinan Station of Hangzhou Metro Line No. 1, in Yuhang District in Hangzhou. The project occupies an aggregate site area of approximately 36,595 sq.m. with planned GFA of approximately 73,190 sq.m. The project is expected to be a residential complex.

HANGZHOU YUHANG WUCHANG PROJECT

(杭州余杭五常项目)

Hangzhou Yuhang Wuchang Project is located at Jingfeng Community, Wuchang Street, Yuhang District, Hangzhou. The project occupies an aggregate site area of approximately 75,214 sq.m. with planned GFA of approximately 142,080 sq.m. The project is expected to be a residential complex and is divided into two phases.





JIANGYIN

JIANGYIN KAISA PLAZA (江陰佳兆業廣場)

Jiangyin Kaisa Plaza is located at Jiangyin, Jiangsu Province. This project occupies an aggregate site area of approximately 158,241 sq.m. with a total GFA of approximately 424,359 sq.m. Jiangyin Kaisa Plaza is a commercial-residential project comprising apartments, office buildings and a hotel. The project is expected to be divided into three phases.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The board of directors (the "Board") of the Company consists of ten directors (the "Directors"), three of whom are independent non-executive Directors. The Board has the general powers and duties for the management and conduct of our business. We have entered into service contracts with each of our Directors.

The table below sets forth certain information regarding our Directors:

Name	Age	Position
KWOK Ying Shing	49	Chairman and Executive Director
KWOK Ying Chi	47	Vice Chairman and Executive Director
SUN Yuenan	50	Vice Chairman and Executive Director
TAM Lai Ling	50	Vice Chairman and Executive Director
CHEN Gengxian	42	Vice Chairman and Executive Director
JIN Zhigang	37	Chief Executive Officer and Executive Director
CHEN Shaohuan	48	Non-Executive Director
ZHANG Yizhao	43	Independent Non-Executive Director
RAO Yong	55	Independent Non-Executive Director
FOK Hei Yu	43	Independent Non-Executive Director

Chairman and Executive Director

KWOK Ying Shing (郭英成), Mr. Kwok, aged 49, is our Chairman and was appointed as a Director on 8 August 2007 and re-designated as executive Director on 17 November 2009. He is one of the founders of our Group and has been our Chairman and a Director since our inception in 1999. Mr. Kwok is primarily responsible for overall strategy, investment planning and human resource strategy of our Group. Mr. Kwok has extensive experience in real estate development and investment management. In 1999, Mr. Kwok formulated our vision of developing large-scale residential properties in suburban areas with access to public transport and other urban facilities in select cities in China. Since then, he has led us in the development and completion of various projects, including Woodland Height, Mocha Town and Lake View Place. In 2003, through Mr. Kwok's direction, we adopted a new development model of acquiring and renovating distressed and uncompleted properties. With this development model, we renovated and brought to market Shenzhen Kaisa Center, once a distressed and partially completed property in Shenzhen. Mr. Kwok is currently an executive vice president of Shenzhen Overseas Chinese International Association. He is the brother of Mr. Kwok Ying Chi and Mr. Kwok Chun Wai.

Executive Directors

KWOK Ying Chi (郭英智), Mr. Kwok, aged 47, is our Vice Chairman and was appointed as a Director on 8 August 2007 and re-designated as executive Director on 17 November 2009. He has been a Vice Chairman and a Director since our inception in 1999. Mr. Kwok is primarily responsible for overall project planning. Since 1999, Mr. Kwok has been in charge of project planning and management for our property developments. Mr. Kwok has led the implementation of our business expansion strategy, through which we established our presence in select cities in China. He is the brother of Mr. Kwok Ying Shing and Mr. Kwok Chun Wai.

SUN Yuenan (孫越南), Mr. Sun, aged 50, is our Vice Chairman and was appointed as an executive Director on 17 November 2009. He has been a Vice Chairman since September 2009. Mr. Sun is primarily responsible for investment and management of the Group's commercial real estate business. Mr. Sun joined us in July 2001 as chief administrative director of Shenzhen Kaisa Property and has held various positions within our Group, including senior vice president of our Group, deputy general manager of Shenzhen Kaisa Property and general manager of Guangzhou Jinmao Property. Mr. Sun has extensive regulatory and business administration experience in the real estate industry. From 1993 to 2001, Mr. Sun served in various positions, including deputy chief of administrative office, deputy chief of legal division and deputy chief of personnel division, in Hengyang Municipal Bureau of Land Resources, which oversaw land resources in the city of Hengyang, Hunan Province. Mr. Sun received a bachelor's degree in law from the Correspondence Institute of the Academy of the Central Committee of the Communist Party of China in December 2001.

TAM Lai Ling (譚禮寧), Dr. Tam, aged 50, is our Vice Chairman and was appointed as an executive Director on 8 March 2010. Dr. Tam is primarily responsible for formulation of investment and financing strategies of the Group. He was an executive director and the chief financial officer of one of the leading property developers in the People's Republic of China prior to joining the Group. From December 2007 to November 2008, Dr. Tam was an executive director of SPG Land (Holdings) Limited where he was responsible for the corporate finance activities and investor relations of the Company. From April 2005 to November 2007, Dr. Tam was the deputy managing director and the chief financial officer of Hopson Development Holdings Ltd., where he was responsible for formulating the financing strategy of that company, as well as the execution of the financing strategy. Dr. Tam also served as an independent non-executive director of Tsingtao Brewery Company Limited. From March 1998 to April 2005, Dr. Tam worked for ICEA Capital Limited. He was appointed as its managing director (investment banking division) in May 2002. During his employment with ICEA Capital Limited, Dr. Tam executed a wide variety of corporate finance transactions, including mergers and acquisitions, and debt and equity financings. Prior to that, Dr. Tam also worked for major international investment banks in the area of corporate finance, and a multi-national oil company in the area of business development. Dr. Tam received his bachelor's degree in science from the University College London, University of London, and a Ph.D. from the University of Cambridge. He is also a Chartered Financial Analyst.

CHEN Gengxian (陳耿賢), Mr. Chen, aged 42, has ceased to be a Co-Chief Operating Officer and has been appointed as the Vice Chairman of the Company with effect from 8 February 2012. He was appointed as our executive Director on 17 November 2009. Mr. Chen is primarily responsible for the Group's overall operation management. Mr. Chen has more than 11 years of real estate industry experience. He joined us in June 1999 and has held various positions within our Group, including vice president, deputy general manager, executive director and chairman of Kaisa Property (Shenzhen) Co., Ltd. Mr. Chen completed the part-time program of administrative management in Northeastern Normal University, China in February 2007.

JIN Zhigang (金志剛), Mr. Jin, aged 37, is our Chief Executive Officer and was appointed as an executive Director on 8 February 2012. He is primarily responsible for our operation management. Mr. Jin joined us in 2004 as sales and marketing director. From December 2002 to December 2004, Mr. Jin held various positions, including general manager of Sales Center in Shenzhen Large Industrial Corporation Limited. During the period from July 1999 to November 2002, he served in China Overseas Construction (Shenzhen) Co., Ltd as sales manager. Mr. Jin graduated from Department of International Economics and International Trade, School of Economics, Peking University and obtained a bachelor's degree in economics.

Non-Executive Director

CHEN Shaohuan (陳少環), Ms. Chen, aged 48, is a non-executive Director of the Company. She was appointed as our non-executive Director on 26 December 2013. She received a Diploma in Economics and Management from the Social Science Faculty of South China University of Technology in the People's Republic of China in July 1987. Ms. Chen has joined Sino Life Insurance Co., Ltd. (生命人壽保險股份有限公司) "**Sino Life Insurance**" since December 2013 and is currently the deputy general manager of the asset management centre of Sino Life Insurance. Prior to joining Sino Life Insurance, Ms. Chen was the manager of the investment division of Shenzhen Fengsheng Investment Group Company Limited* (深圳市豐盛投資集團有限公司) from June 1995 to November 2013. Ms. Chen was also the deputy general manager of a subsidiary of Shenzhen Wuzhi Group Company* (深圳市物資總公司) engaging in construction material business from September 1983 to May 1995.

Independent Non-Executive Directors

ZHANG Yizhao (張儀昭), Mr. Zhang, age 43, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on 17 November 2009. He is currently assisting various Chinese companies in preparing their overseas offering, and an independent non-executive director of China Green Agriculture Inc. (NYSE: CGA) and China Carbon Graphite Group (OTC BB: CHGI) respectively. Mr. Zhang has over 18 years of experience in accounting and internal control, corporate finance, and portfolio management. Previously, Mr. Zhang held directorships or senior positions at China Education Alliance, Inc., Universal Travel Group, Energroups Holdings Corporation, Shengtai Pharmaceutical Inc, Chinawe Asset Management Corporation, China Natural Resources Incorporation and Kasen International Holdings Limited. Mr. Zhang also held positions in portfolio management and asset trading at Guangdong South Financial Services Corporation from 1993 to 1999. Mr. Zhang is a Certified Public Accountant of the State of Delaware, and a member of the American Institute of Certified Public Accountants (AICPA). Mr. Zhang also has the Chartered Global Management Accountant (CGMA) designation. Mr. Zhang graduated with a bachelor's degree in economics from Fudan University, Shanghai in 1992 and received a master of business administration with concentrations in financial analysis and accounting from the State University of New York at Buffalo in 2003.

RAO Yong (饒永), Mr. Rao, aged 55, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on 17 November 2009. Mr. Rao is currently a director of Shenzhen Pengcheng Certified Public Accountants Co. Ltd. He is a member of the Chinese Institute of Certified Public Accountants (CICPA) and a certified public valuer in China. Mr. Rao has over 28 years of experience in accounting and auditing. Mr. Rao was a director of the Audit Bureau of Shenzhen City from 1991 to 1997 and a head of the Audit Bureau of Wuzhou City, Guangxi Province from 1987 to 1990. Mr. Rao has also been a director of The Chinese Institute of Certified Public Accountants since 1996, a director of the Shenzhen Institute of Certified Public Accountants since 1996 and its president since 2005, a forensic accounting expert of Shenzhen City since 2002 and the deputy secretary-general of the Asset Evaluation Association of Shenzhen City since 1997. Mr. Rao received a diploma in accounting from Guangxi College of Finance and Economics, China in July 1980.

FOK Hei Yu (霍義禹), Mr. Fok, aged 43, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on 17 November 2009. Mr. Fok is currently a senior managing director of FTI Consulting, a global advisory firm assisting companies to protect and enhance enterprise value. From 1997 to 2010, Mr. Fok was an executive director of Ferrier Hodgson, an international financial and restructuring advisory firm. He is a member of the Hong Kong Institute of Certified Public Accountants, the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Directors. Mr. Fok graduated from Australian National University with a bachelor's degree in commerce in 1995. He is also a non-executive director of Delong Holdings Limited and Emerson Radio Corp, which are listed on SGX-ST and the New York Stock Exchange, respectively.

Senior Management

Our senior management members are Kwok Ying Shing, Kwok Ying Chi, Sun Yuenan, Tam Lai Ling, Chen Gengxian, Jin Zhigang, Ji Jiaming, Gao Feng, Guo Huasu, Han Zhenjie, Luo Liangshang, Wei Na, Xing Tao, Yu Jianqing, Zhang Ji and Cheung Hung Kwong. Kwok Ying Shing, Kwok Ying Chi, Sun Yuenan, Tam Lai Ling, Chen Gengxian and Jin Zhigang are also our executive directors. See the paragraphs headed "Chairman and Executive Director" and "Executive Directors" above for the description of their experience. The table below sets forth certain information regarding our senior management members (excluding executive Directors):

Name	Age	Position
Ji Jiaming	52	Vice Chairman
GAO Feng	42	Vice President
GUO Huasu	37	Vice President
HAN Zhenjie	46	Vice President
LUO Liangshang	45	Vice President
WEI Na	40	Vice President
XING Tao	49	Vice President
YU Jianqing	48	Senior Vice President
ZHANG Ji	41	Vice President
CHEUNG Hung Kwong	46	Chief Financial Officer and Company Secretary

Ji Jiaming (季加銘), Mr. Ji, aged 52, is our Vice Chairman and was appointed as an executive Director on 5 June 2012 and resigned as executive Director on 24 December 2012. Mr. Ji is primarily responsible for formulating the Group's strategy. Mr. Ji has extensive experience in enterprise management, strategy formulation and engineering management. From December 1980 to May 2012, Mr. Ji served as the board chairman of China Construction Municipal Construction Corporation Limited, the general manager and deputy general manager of China Architecture First Building (Group) Corporation Limited, and held various positions in China Construction First Building Development Corporation, including board chairman. Mr. Ji obtained his master's degree in business administration from Capital University of Economics and Business in March 2002.

GAO Feng (高峰), Mr. Gao, aged 42, was appointed as Vice President of our Group in September 2011. Mr. Gao is primarily responsible for our investment management. Mr. Gao joined us in September 2004. From July 2000 to October 2004, Mr. Gao served in Gemdale Property (Shanghai) Company as chairman and general manager. From October 1998 to July 2000, Mr. Gao served in Shenzhen Pengji Property Management Service Co., Ltd as manager. In 2009, Mr. Gao obtained an EMBA degree from Tongji University.

GUO Huasu (郭華蘇), Mr. Guo, aged 37, was appointed as Vice President of our Group in May 2011. Mr. Guo is primarily responsible for our capital management, operation planning and management, human resources and administration management. Mr. Guo joined us in 2007 as assistant to general manager. Prior to joining us, Mr. Guo served in Huabao International Holdings Ltd. and Feishang Group Ltd. and was primarily responsible for business development and investment management. Mr. Guo graduated from Finance and Banking Institute of China and obtained a bachelor's degree of economics in 1999.

HAN Zhenjie (韓振捷), Mr. Han, aged 46, is our Vice President. He was appointed as an executive Director and regional president on 24 November 2010 and resigned as executive Director on 24 December 2012. Mr. Han is primarily responsible for the Group's design management of hotel and commercial projects. Mr. Han has been the vice president of the Group since February 2007. He rejoined the Group in January 2007 as deputy general manager of Kaisa Property (Shenzhen) Co., Ltd. Mr. Han has been a PRC registered First Class Architect since 2000. Mr. Han has over 11 years of experience in architecture. From 2005 to 2006, he served as vice president of design in Fantasia Group (China) Co., Ltd., a property development company. From 2002 to 2005, he held various positions in our Group, including chief architect, manager of design department, project manager of the Mocha Town project and director of design. From 2000 to 2002, Mr. Han served as deputy general manager and deputy chief architect in Shenzhen Huaxin Architects Engineers & Consultants International Co., Ltd. From 1997 to 2000, he served in Citymark Aecom Co., Ltd., Shenzhen, as manager at the construction division responsible for construction drawing and design. Mr. Han graduated with a bachelor's degree in engineering from Tsinghua University, China in 1991.

LUO Liangshang (羅良尚), Mr. Luo aged 45, is a Vice President of our Group and was appointed in May 2012. Mr. Luo is primarily responsible for our engineering and procurement management. Mr. Luo joined us in July 2009 as director of engineering. Prior to joining us, he served in Guangzhou Vanke Real Estate Company Limited as general manager of Eastern Region from May 2007 to July 2009. From January 2004 to May 2007, Mr. Luo served in Guangdong Pearl River Engineering General Contracting Company as director. From November 2001 to December 2003, Mr. Luo served in The First Construction Engineering Limited Company (Xi'an) of China Construction Third Engineering Bureau as general manager. Mr. Luo graduated from Chongqing College of Architecture and Engineering with a bachelor's degree of industrial and civil construction in 1992, and obtained his master's degree in architecture and civil engineering field from Tsinghua University in 2002.

WEI Na (魏娜), Ms. Wei aged 40, is a Vice President of our Group and was appointed in July 2012. Ms. Wei is primarily responsible for the Group's merger and acquisition activities. Prior to joining us in February 2006, from September 2005 to January 2006, she served as a lawyer with Guangdong Sincere Partners & Attorneys. From April 2004 to September 2005, Ms. Wei served as a lawyer with Hills & Co. Law Firm. From August 1995 to April 2004, Ms. Wei served as a lawyer with Great Wall Law Firm. Ms. Wei graduated from Inner Mongolia University in July 1995 with a bachelor's degree in law and obtained a master's degree in law from Tsinghua University in January 2005.

XING Tao (邢濤), Mr. Xing, aged 49, was appointed as our Vice President in October 2010. Mr. Xing is primarily responsible for our design management. Prior to joining us in April 2010, from September 2001 to May 2010, Mr. Xing was a vice president in Horoy Holdings Limited, a real estate company. From February 1992 to September 2001, Mr. Xing was a technical manager in Western Real Estate Company of Shenzhen Wabo Group. From July 1986 to February 1992, Mr. Xing was a construction supervisor in the Shenzhen branch of Design & Research Institute of Wuhan Iron & Steel Group. In 1986, Mr. Xing received a higher diploma in architecture from Jiangnan University.

YU Jianqing (喻建清), Mr. Yu, aged 48, was appointed as Senior Vice President of our Group in April 2013. Mr. Yu is primarily responsible for the general management of our engineering, cost, design and other business operation. Mr. Yu joined us in January 2013 as general manager of Beijing Branch. Prior to joining us, Mr. Yu served in Shenzhen Furui Group as president from February 2012 to January 2013. From October 2008 to October 2011, Mr. Yu served in Dongguan Huijing Group as president. From March 2002 to October 2008, Mr. Yu served as general manager of Guangzhou Branch, general manager of Chengdu Branch and other positions of the Group. Mr. Yu graduated from Hengyang Institute of Technology (now known as University of South China) with a bachelor's degree of industrial and civil construction in July 1985, and obtained his MBA degree from The University of Northern Virginia in October 2006.

ZHANG Ji (張驥), Mr. Zhang, aged 41, was appointed as Vice President of our Group in September 2009. He is primarily responsible for our accounting and financial management. Mr. Zhang joined us in June 2009 as assistant to the president. Prior to joining us, Mr. Zhang was deputy general manager in Horoy Holdings Limited, a real estate company, from June 2007 to June 2009. He served as director of finance in Shenzhen Feishang Business Development Co., Ltd., an investment holding company engaged in long-term investment in metal and transportation industries, from June 2005 to May 2007. From July 2000 to June 2005, Mr. Zhang was director of finance in Shenzhen Hongkai (Group) Co. Ltd., a real estate company. From January 1998 to June 2000, he worked in an international accounting firm in Shenzhen. Mr. Zhang graduated with a bachelor's degree in accounting from Xi'an Highway University, China in 1993.

CHEUNG Hung Kwong (張鴻光), Mr. Cheung, aged 46, was appointed as Chief Financial Officer of our Group in October 2009 and has been the company secretary and a joint authorised representative of our Company since November 2009. Mr. Cheung is primarily responsible for our corporate finance and investor relations. Mr. Cheung joined us in July 2008 as finance director. He has been a member of the American Institute of Certified Public Accountants (AICPA) since August 1996 and a chartered financial analyst qualified by the CFA Institute in the U.S. since September 2000. Mr. Cheung has over 17 years of experience in auditing, finance accounting and merger and acquisition activities. From March 2003 to March 2008, Mr. Cheung served in Boto International Holdings Limited, a festival product manufacturing company, and held various positions, including financial controller, chief financial officer and consultant. From 1994 to 2003, he worked for PricewaterhouseCoopers. Mr. Cheung graduated from University of Hong Kong with a bachelor's degree (with honors) in physics and mathematics in 1990 and obtained a master's degree (with distinction) in quantum fields and fundamental forces from Imperial College of Science, Technology and Medicine, University of London in 1992. Mr. Cheung is currently an independent non-executive director and Chairman of the audit committee of China Aluminum International Engineering Corporation Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 2068).

Company Secretary

CHEUNG Hung Kwong (張鴻光). See the paragraph headed "Senior Management" above for the description of Mr. Cheung's experience.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Over the last 14 years, the Group has persistently adhered to the notion of “quality plays a pivotal role in an enterprise’s development”, and built upon the foundation of “giving priority to customers’ value”, thereby upgrading the happiness and living standard of the general public. Since its establishment, the Group has shouldered its corporate social responsibility by taking up a role of advocating, promoting and practicing charitable deeds and is in continual care and support for the charity in education, medical, sporting and cultural and environmental aspects, with continual love and care for disaster victims, poor people and social vulnerable groups.

To date, the Group has sponsored nearly 60 charity projects, we believe that charitable deeds embody one’s persistent efforts in calling for one’s internal kindness. By taking actions, the Group aims to extend the reach of charity to more people.

To create a long-lasting charity mechanism, the Group has specifically established a charity platform of “Three Funds and One Foundation” (三金一會), comprising Kaisa Medical Workers Caring Fund (佳兆業白衣天使基金), Kaisa Yushu Education Fund (佳兆業玉樹助學基金), Kaisa Sanitation Workers Caring Fund (佳兆業環衛工關愛基金) and Kaisa Public Welfare Foundation (佳兆業公益基金會). On a long-term basis, the Group will continue to provide funding and set out to promote charitable development by forming normalized, regulated and standardized operating mechanism and leveraging upon the Group’s brand awareness to disseminate the notion enshrining a deeper level of love and care.

Products and Services

It is the Group’s most fundamental social responsibility to create homes for its customers, and it is committed to providing high-quality products and services. In the first half of 2013, the Group’s passing rate in respect of its products under on-site inspection reached 92.7%, fulfilling the PRC’s standard of high-quality construction works. The Group’s customer service delivery has, on an ongoing basis, passed various service standards and met customer satisfaction. Activities including Shouldering Your Wife Contest, Talent Show for Youngsters and Festive Carnivals have created healthy and harmonious atmosphere among customers in the respective communities.

Charity

Since its establishment, the Group has borne in mind the importance of giving back to the society and has been actively participating in charitable deeds. Its participation in China Charity fair (中國公益慈善展會), the second “Walks for Millions” in Shenzhen organized by the Community Chest (公益金百萬行) have provided opportunities for participants to take real actions in promoting and raising funds for charitable projects.



Kaisa Cup China International Women’s Volleyball elite match 2013



Development of Attributes for New Kaisa Generation 2013



Plantation of artificial corals under the “Dapeng Coral Conservation Program” (潛愛大鵬佳兆業珊瑚保育計劃)



Kaisa’s 2nd Shouldering Your Wife Contest



Kaisa 24-hour Endurance Cycling Bicycle Race 2013

Education

Funding students in poverty, supporting higher education and caring for our next generation is a key element in the Group's performance of its corporate social responsibilities. In August 2013, the Group kicked off the second release of the "Kaisa Yushu Education Fund" (佳兆業玉樹助學基金) by making donations to 150 top students with both academic achievements and good conducts, who live in poverty. In December 2013, the Group established a "Kaisa Education Fund for Economics and Management" (佳兆業經管教育基金) in joint efforts with Tongji University (同濟大學), including the two respective parts namely Kaisa Teaching Post Fund (佳兆業教席基金) and Kaisa Fund for International Exchange (佳兆業國際交流基金). These funds are used in introducing domestic and international professors of high standing in their respective areas of economics and management, funding the outbound visiting trips of college teachers, and the study-abroad trips of outstanding students who have financial difficulties.

Medical

Year 2013 is the fifth year since the commencement of the "Kaisa Medical Workers Caring Project" (佳兆業白衣天使關愛工程). The Group continued to show its love and care for medical workers through physical, cultural and spiritual means. In March 2013, 30 medical workers at Shenzhen Medical and Sanitary Frontier (深圳醫療衛生一綫) were recognized as "Medical Workers who Touch Your Heart" in 2012 by "Kaisa Medical Workers Caring Project" (佳兆業白衣天使關愛工程). In April 2013, the Group kicked off the "Kaisa Medical Workers Caring Fund" (佳兆業白衣天使關愛基金) to extend its help to nurses suffering from cancer.

Caring for Social Vulnerable Groups

In October 2013, enshrining the charity spirit of "Caring, Thanksgiving, and Contributing", the Group, through "Kaisa Sanitation Workers Caring Fund" (佳兆業環衛工關愛基金), financially support 112 sanitation workers in Shenzhen who were under specific difficulties. In December 2013, the Group participated in the second "Walks for Million" in Shenzhen and made donation to "Kaisa Sanitation Workers Caring Fund" (佳兆業環衛工關愛基金), thereby enhancing the long-term charity mechanism and continuing to care for sanitation workers in Shenzhen.

Disaster Relief

During the year, the Group has kicked off a number of activities for donating for disaster-hit communities and people. In April 2013, the Group made donation to disaster-hit region of Ya'an, and assisted in the re-construction of the region. In August 2013, the Group made donation for relieving the flooding in Puning, thereby helping disaster-hit people in Puning to surmount the difficulties in work and life.



Kaisa Group's participation in charitable exhibitions



Commencement Ceremony for Eastern Daihe Blue Ribbon Charitable Base



Kaisa Sanitation Workers Caring Fund (佳兆業環衛工關愛基金) funding sanitation workers under financial difficulties

Environmental Protection

With a view to enhancing living environment and promoting sustainable development in society, Kaisa has always been eager in supporting environmental protection initiatives. In September 2013, the Group put in great efforts in organizing a major charitable campaign of environmental protection named "Big Banquet Along Daihe" (戴河盛筵) and established a charitable marine protection cultural base, namely Eastern Daihe Blue Ribbon Charitable Base (東戴河藍絲帶公益基地), which is the first ever in northern China. In October 2013, the "Dapeng Coral Conservation Program" (「潛愛大鵬」佳兆業珊瑚保育活動) was launched for the second time. Under the program, the Group actively promoted and participated in marine ecological environment, by organizing photo exhibitions and embarking upon trial plantation of artificial corals.

Sporting and Cultural

In 2013, Kaisa duly became the operator of Shenzhen Universiade Sports Center, by introducing activities including mini-flute music festival, women's volleyball elite match, four-nation male basketball challenge competition, intercontinental basketball elite match, Hong Kong-Shenzhen Twin Cities Biannual Exhibition (External Round) of Cities/Architecture, WTA Tennis Open Tournament, thereby enriching cultural lives of the residents. In September 2013, the Group sponsored the second Shenzhen Dapeng International Outdoor Carnival activities, blending elements of movies, music, sports, photography, diving and environmental protection, with a passion of supporting the development of Dapeng in its tourism and culture. In December 2013, the Group contributed RMB2 million for sponsoring the Hong Kong-Shenzhen Twin Cities Biannual Exhibition 2013 and actively supported professionals in domestic and overseas architecture and design industries to come to visit Shenzhen and attend exhibitions, thereby probing and drilling topics concerning city development and providing cultural food for nearly three months to the general public.

Caring for Staff Members

The Group always regards people as the top element in driving corporate development of an enterprise, and has always provided staff members with encouraging and challenging job duties and working environment, competitive remuneration and benefits, a four-tier talent training system, professional programs for training and development, programs for communication and exchanges among new and old staff members, rich and extensive sporting and cultural activities, outbound trips, and annual body check-up etc. The Group attaches great importance to the all-rounded development and training of multiple qualities in its staff members, and encourages sharing of knowledge within the Group, thereby achieving the hand-in-hand growth between staff members and the Group.



"Kaisa Yushu Education Fund" (佳兆業玉樹助學基金) donating to help students living in poverty



"Kaisa Medical Workers Caring Fund" (佳兆業白衣天使關愛基金) extending its help to nurses suffering from cancer



Mini-flute music festival

CORPORATE GOVERNANCE REPORT

The board is pleased to present this Corporate Governance Report for the year ended 31 December 2013.

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board with regular assessments. The Company believes that its commitment to high-standard practices will translate into long-term value and ultimately maximise returns to shareholders. The Company's management pledges to build long-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner. The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

For the year ended 31 December 2013, the Board is of the view that, for the period from 1 January 2013 to 31 March 2013, the Company has complied with the code provisions on the Code on Corporate Governance Practices (the "Old Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and for the period from 1 April 2013 till 31 December 2013, the Company has complied with the code provisions included in the amendments made to the Old Code which took effect since 1 April 2012 (the "Code"), save for the deviation which is explained below.

Code E.1.2

Neither Mr. KWOK Ying Chi nor Mr. SUN Yuenan attended the 2013 AGM as they had other prior business engagements.

(A) THE BOARD OF DIRECTORS

Board Composition

As at 31 December 2013, our Board consisted of ten Directors including Mr. KWOK Ying Shing (chairman), Mr. KWOK Ying Chi (vice chairman), Mr. SUN Yuenan (vice chairman), Dr. TAM Lai Ling (vice chairman), Mr. CHEN Gengxian (vice chairman), Mr. JIN Zhigang (chief executive officer) as the executive Directors, Ms. CHEN Shaohuan as a non-executive Director and Mr. ZHANG Yizhao, Mr. RAO Yong and Mr. FOK Hei Yu as the independent non-executive Directors. The overall management of the Company's operation is vested in the Board. Mr. KWOK Ying Shing is the brother of Mr. KWOK Ying Chi.

Directors' Responsibilities

The Board takes on the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As of 31 December 2013, the Board comprised ten Directors, including six executive Directors, one non-executive Director and three independent non-executive Directors. Their names and biographical details are set in the section entitled "Directors and Senior Management" in this annual report.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of the executive Directors of the Company along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2013.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" in this annual report.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. For the year ended 31 December 2013, in order to reinforce their respective independence, accountability and responsibility, the roles of the chairman and the chief executive officer have been performed by Mr. KWOK Ying Shing and Mr. JIN Zhigang, respectively.

The chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for instilling corporate culture and developing strategic plans for the Company. Under provisions A.2.1 and A.2.2 of the Code, the chairman would ensure that all Directors are properly briefed on issues arising at Board meetings and would be responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval.

Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on the Company's strategies, performance and control.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board.

The Board also considers that the independent non-executive Directors can provide independent advice on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

For the year ended 31 December 2013, all independent non-executive Directors of the Company had confirmed their independence to the Company in accordance with Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications.

For the year ended 31 December 2013, the Company has adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals. At least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given.

Pursuant to code provision A.1.1 of the Code, the Board should meet regularly and board meetings should be held at least four times a year. For the year ended 31 December 2013, it is considered that the Directors are well acknowledged to the business and the operation of the Group.

All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings. They can separately get access to the senior executives and the company secretary at all time and may seek independent professional advice at the Company's expense. Pursuant to code provisions A.1.5 and A.1.6 of the Code, minutes of board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

Pursuant to code provision A.1.8 of the Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee (except an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a board meeting would be held. Independent non-executive Directors who have no material interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the articles of association (the "Articles") the Company, as well as relevant rules and regulations. For the year ended 31 December 2013, there were no significant changes to the Articles.

Appointment, Re-election and Removal of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a specific term. Such term is subject to his re-election by the Company at an annual general meeting ("AGM") upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the members of the Company and shall then be eligible for re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

In accordance with the Articles, at every AGM of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

The members of the Company may, at any general meetings convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything contrary in the Articles or in any agreement between the Company and such Director.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or alternative Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provided briefings and other training to develop and refresh Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management, where appropriate, to ensure awareness of best corporate governance practices.

A briefing session was organized for Directors on 13 December 2013 to update the Directors on the new amendments to the Code and the associated Listing Rules. In addition, briefings on directors' duties were given to the newly appointed executive Directors.

During the year ended 31 December 2013, the Directors also participated in the following trainings:

Directors	Types of training
Executive Directors	
Mr. KOWK Ying Shing	C
Mr. KWOK Ying Chi	C
Mr. SUN Yuenan	C
Dr. TAM Lai Ling	C
Mr. CHEN Gengxian	C
Mr. JIN Zhigang	C
Non-Executive Director	
Ms. CHEN Shaohuan (appointed on 26 December 2013)	A,C
Independent Non-Executive Directors	
Mr. ZHANG Yizhao	B,C
Mr. RAO Yong	C
Mr. FOK Hei Yu	A,C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: reading newspapers, journals, Company newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

During the year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Board Committees

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Board and the Company's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the Company's website. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required.

Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The Nomination Committee will select and recommend candidates for directorship after consideration of referrals and engagement of external recruitment professionals, when necessary.

The Nomination Committee comprises Mr. KWOK Ying Shing as the chairman, Mr. ZHANG Yizhao, Mr. RAO Yong and Mr. FOK Hei Yu as members.

The Nomination Committee was primarily responsible for the following duties during the year ended 31 December 2013:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company; and
- to assess the independence of independent non-executive Directors.

Audit Committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. Their written terms of reference are in line with the provisions under the Code and explains the role and the authority delegated to the Audit Committee by the Board.

The Audit Committee consists of three members, all of whom are independent non-executive Directors. The Audit Committee comprises Mr. RAO Yong as chairman, Mr. ZHANG Yizhao and Mr. FOK Hei Yu as members. The Committee has recommended the Board to re-appoint Messrs. PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2013 at the forthcoming AGM.

The Audit Committee was primarily responsible for the following duties during the year ended 31 December 2013:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to review and monitor integrity of the Company's financial statements, annual report and accounts and half-year reports and to review significant financial reporting judgements contained in them;

- to review the Company's financial controls, internal control and risk management systems;
- to discuss the internal control system with management of the Company and ensure that the management has performed its duty to have an effective internal control system;
- to review the financial and accounting policies and practices of the Company and its subsidiaries; and
- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable. Their written terms of reference are in line with the provisions of the Code. Pursuant to code provision B.1.4 of the Code, the remuneration committee would make available its terms of reference, explaining its role and the authority delegated to it by the Board. The Remuneration Committee comprises Mr. FOK Hei Yu as the chairman, Mr. KWOK Ying Shing, Mr. ZHANG Yizhao and Mr. RAO Yong as members.

The Remuneration Committee was primarily responsible for the following duties during the year ended 31 December 2013:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management of the Company and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management members of the Company;
- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation payable to executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 29 to the financial statements. During the year ended 31 December 2013, the Remuneration Committee determined the remuneration packages of the executive Directors and senior management members of the Company, and reviewed the collective performance and individual performance as well as the performance-based bonus payment of them.

Meeting Attendance

The attendance of individual members of the Board at Board meetings, meetings of the Board committees and general meetings during the year ended 31 December 2013, as well as the number of such meetings held, is set out as follows:

Meetings attended/held

Directors	Board	Nomination Committee	Audit Committee	Remuneration Committee	General Meetings
Executive Directors					
Mr. KWOK Ying Shing	4/4	1/1		1/1	1/1
Mr. KWOK Ying Chi	4/4				0/1
Mr. SUN Yuenan	4/4				0/1
Dr. TAM Lai Ling	4/4				1/1
Mr. CHEN Gengxian	4/4				1/1
Mr. JIN Zhigang	4/4				1/1
Non-Executive Directors					
Ms. CHEN Shaohuan*	0/4				
Independent Non-Executive Directors					
Mr. ZHANG Yizhao	4/4	1/1	2/2	1/1	1/1
Mr. RAO Yong	4/4	1/1	2/2	1/1	1/1
Mr. FOK Hei Yu	4/4	1/1	2/2	1/1	1/1

* This Director was appointed on 26 December 2013.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, the Hong Kong financial reporting standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the Code, management would provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The working scope and reporting responsibilities of Messrs. PricewaterhouseCoopers, the Company's external auditor, are set out on page 81 of the "Independent Auditor's Report" in this annual report.

External Auditors' Remuneration

Messrs. PricewaterhouseCoopers has been appointed as the Group's external auditor since 2007.

During the year under review, the fee payable to Messrs. PricewaterhouseCoopers in respect of its audit services and non-audit services provided to the Company were RMB4.8 million and RMB2.3 million, respectively.

Internal Control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

The Directors have conducted a review of the overall effectiveness of the internal control system of the Group. An internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

During the course of audit performed by the external auditors, they reported on the weaknesses of the Group's internal control and accounting procedures which came to their attention.

(C) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Board believes that effective investor relations can contribute towards lower cost of capital, higher market liquidity for the Company's stock and a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner. Keeping them aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact the Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Pursuant to the code provisions of the Code, in respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and arrange for the chairman of the Audit, Remuneration and Nomination Committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the AGM. The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

Shareholder(s) holding not less than one-twentieth of the paid up capital of the Company can make a requisition to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance of Hong Kong (the "Ordinance"). The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Besides, Section 115A of the Ordinance provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder(s) at the registered office of the Company.

As at 31 December 2013, the Company had a diversified shareholding structure and had maintained sufficient public float as required under the Listing Rules.

REPORT OF THE DIRECTORS

The Board presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in property development, property investment and property management, and hotel and catering operations. The activities and particulars of the Company's subsidiaries are set out in note 41 to the consolidated financial statements. An analysis of the Group's turnover and operating profit for the year by principal activities is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income on page 85 in this annual report.

DIVIDENDS

The Board recommends the payment of the final dividends of Hong Kong Dollars 15 cents per share for the year ended 31 December 2013.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year are set out in note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 18 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity. As at 31 December 2013, the distributable reserves of the Company amounted to approximately RMB1,090,926,000 (31 December 2012: RMB639,687,000).

SENIOR NOTES

On 28 April 2010, the Company issued senior notes due 2015 in the principal amount of US\$350 million at a coupon rate of 13.5% per annum for the purpose of, among others, debt prepayment, financing property projects and for general corporate use. On 14 June 2011, the Company issued additional 13.5% senior notes due 2015 in the aggregate principal amount of US\$300 million (collectively, the "**Senior Notes**") for the purpose of financing the acquisition of the new land bank in the PRC and real estate projects. The outstanding Senior Notes were fully redeemed in April 2013.

Convertible Bonds

On 20 December 2010, the Company issued RMB1.5 billion USD settled 8% convertible bonds due 2015 (the "**Convertible Bonds**") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK\$2.82 per share. According to the terms and conditions, the holders of the Convertible Bonds have the put option to have the bond redeemed on 20 December 2013, and such rights have lapsed on 19 November 2013. The Company received put notice in the aggregate amount of RMB200,000 and the underlying convertible bonds were redeemed in December 2013.

Senior Bonds

On 15 March 2011, the Company issued RMB2.0 billion USD settled 8.5% senior secured guaranteed bonds due 2014 (the "**Bonds**") for the purpose of financing new land bank in the PRC and real estate projects. The Bonds was fully redeemed in January 2013.

Exchangeable term loan

To refinance the Group's trust loans and to finance the Group's property projects, on 23 May 2012, the Company entered into a facility agreement with PA International Opportunity VI Limited, as the lender, for an exchangeable term loan in the aggregate principal amount of US\$120.0 million at an annual interest rate of 13.5% with a tenor of 27 months (the "**Exchangeable Term Loan**"), and a call option deed with the lender as the grantee. Upon exercise of the call option, the lender will become a minority shareholder of Fenglong Group Co. Ltd., currently a wholly owned subsidiary of the Group. The Exchangeable Term Loan was fully prepaid in January 2013.

Senior notes due 2017

On 18 September 2012, the Company issued US\$250 million 12.875% senior notes due 2017 (the “**Senior Notes 2012**”) for the purpose of funding our existing and new property projects and refinancing our existing indebtedness and general corporate use.

Senior notes due 2020

On 8 January 2013, the Company issued US\$500 million 10.25% senior notes due 2020 (the “**Senior Notes January 2013**”) for the purpose of refinancing our Exchangeable Term Loan and Bonds and general corporate use.

Senior notes due 2018

On 19 March 2013, the Company issued US\$550 million 8.875% senior notes due 2018 for the purpose of partial refinancing our Senior Notes and general corporate use. On 13 January 2014, the Company issued additional 8.875% senior notes due 2018 in the aggregate principal amount of US\$250 million (collectively, the “**Senior Notes March 2013**”) for the purpose of refinancing existing indebtedness, financing existing and new property projects and general corporate purposes.

Senior notes due 2016

On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the “**Senior Notes April 2013**”) for the purpose of refinancing the remaining balance of our Senior Notes and general corporate use.

On 22 April 2013, in connection with the Senior Notes April 2013, the Company entered into an arrangement with an offshore bank to manage the our currency and interest rate risk by using Renminbi-to-U.S. dollar currency swaps and have converted borrowings of RMB1.8 billion to approximately US\$291.0 million through currency swap.

BORROWINGS

Details of the borrowings are set out in note 21 to the consolidated financial statements.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHARITABLE DONATIONS

The charitable donations made by the Group during the year amounted to RMB55.6 million (2012: RMB17.8 million).

DIRECTORS

During the year ended 31 December 2013 and up to the date of this report, the Directors were as follows:

Executive Directors

Mr. KWOK Ying Shing
 Mr. KWOK Ying Chi
 Mr. SUN Yuenan
 Dr. TAM Lai Ling
 Mr. CHEN Gengxian
 Mr. JIN Zhigang

Non-Executive Director

Ms. CHEN Shaohuan (appointed on 26 December 2013)

Independent Non-Executive Directors

Mr. ZHANG Yizhao
 Mr. RAO Yong
 Mr. FOK Hei Yu

In accordance with Article 84(1) of the Company's Articles, Mr. FOK Hei Yu, Mr. JIN Zhigang, Mr. SUN Yuenan shall retire from the office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with Article 83(3) of the Company's Articles, Ms. CHEN Shaohuan will hold office until the forthcoming AGM and, being eligible, offer herself for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Upon the appointment of Ms. CHEN Shaohuan on 26 December 2013 as a non-executive Director, the Board comprises 10 directors including six executive Directors, one non-executive Director and three independent non-executive Directors. Accordingly, the number of independent non-executive Directors has fallen below the one-third of the Board as required under Rule 3.10A of the Listing Rules. The Company, after reasonable endeavors, has not been able to identify a suitable candidate to act as an independent non-executive Director. The Company will take appropriate measures to meet the requirement under Rule 3.10A of the Listing Rules as soon as practicable and will make further announcement(s) as and when appropriate.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

The biography of all the Directors and members of the senior management of the Company are set out on pages 54 to 58.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors (save for Mr. KWOK Ying Shing and Mr. KWOK Ying Chi) has entered into service contract with the Company for a term of three years, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Each of the non-executive Director and the independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of one year commencing on the date of listing, which will continue subject to re-election at the Company's general meeting, and such letter of appointment could be terminated by giving not less than three months' prior notice in writing. None of the Directors has entered into a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

OPTION SCHEMES

The Company adopted a share option scheme (the "Share Option Scheme") on 22 November 2009. A summary of the principal terms of the Share Option Scheme is set out as follows:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options of the Company to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

(2) Participants of the Share Option Scheme

Participants of the Share Option Scheme include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

(3) Total number of Shares available for issue under the Share Option Scheme

Initially the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the aggregate of the Shares in issue on the date of which trading of the Shares commences on the Stock Exchange and any Shares which may be allotted and issued by the Company under the over-allotment option.

The total number of Shares available for issue upon exercise of the options which may be granted pursuant to the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

As at 31 December 2013, a total of 531,540,000 options were granted under the Share Option Scheme. For the year ended 31 December 2013, a total of 23,675,000 options were exercised, no options were cancelled, and a total of 56,368,000 options were forfeited/lapsed. The number of options available for issue under the Share Option Scheme was 87,968,000 as at 31 December 2013. No options were granted during the year ended 31 December 2013.

(4) Maximum entitlement of each Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Company to each participant of the Share Option Scheme in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue.

(5) Period within which the securities must be taken up under an option

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant.

(6) Payment on acceptance of option offer

HK\$1.00 is payable by the participant of the Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

(7) Basis of determining the subscription price

The subscription price per Share under the Share Option Scheme is determined by the Board and notified to each participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

(8) Remaining life of the Share Option Scheme

The Share Option Scheme will remain valid until 9 December 2019 after which no further options may be granted. In respect of all options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary below sets out the details of options granted as at 31 December 2013 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2013	Grant during the year ended 31 December 2013	Exercised during the year ended 31 December 2013	Forfeited/ Lapsed during the year ended 31 December 2013	Balance as of 31 December 2013
SUN Yuenan	20,020,000	–	–	–	20,020,000
TAM Lai Ling	55,030,000	–	–	–	55,030,000
CHEN Gengxian	20,020,000	–	–	–	20,020,000
JIN Zhigang	14,520,000	–	–	–	14,520,000
CHEN Shaohuan (Note 1)	–	–	–	–	–
ZHANG Yizhao	1,000,000	–	–	–	1,000,000
RAO Yong	1,000,000	–	–	–	1,000,000
FOK Hei Yu	1,250,000	–	–	–	1,250,000
Other Employees	354,390,000	–	(23,675,000)	(56,368,000)	274,347,000
Total	467,230,000	–	(23,675,000)	(56,368,000)	387,187,000

Notes:

(1) Ms. CHEN Shaohuan was appointed as a non-executive Director with effect from 26 December 2013.

As at 31 December 2013, a total of 133,855,000 options were exercisable.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Directors' and Chief Executive's Interests in Securities

As at 31 December 2013, the interests and short positions of Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares and underlying Shares:

Name of Director	Capacity	Family interest (Note 1)	Underlying Shares (under equity derivatives of the Company) (Note 2)	Total	Approximate percentage of the issued share capital of the Company (%)
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust	3,067,382,701	–	3,067,382,701	62.42 (Note 3)
KWOK Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	3,067,382,701	–	3,067,382,701	62.42 (Note 3)
SUN Yuenan	Personal	–	20,020,000	20,020,000	0.41 (Note 4)
TAM Lai Ling	Personal	–	55,030,000	55,030,000	1.12 (Note 4)
CHEN Gengxian	Personal	–	20,020,000	20,020,000	0.41 (Note 4)
JIN Zhigang	Personal	–	14,520,000	14,520,000	0.30 (Note 4)
CHEN Shaohuan (Note 5)	Personal	–	–	–	–
ZHANG Yizhao	Personal	–	1,000,000	1,000,000	0.02 (Note 4)
RAO Yong	Personal	–	1,000,000	1,000,000	0.02 (Note 4)
FOK Hei Yu	Personal	–	1,250,000	1,250,000	0.03 (Note 4)

Note:

- (1) These interests refer to the Shares that are beneficially owned through the Kwok Family Trust, a trust established for the benefit of the Kwok family. See "Substantial Shareholders".
- (2) These shares refer to the Shares underlying options that have been granted under the Share Option Scheme.
- (3) The percentage has been calculated based on 4,914,225,000 Shares in issue as at 30 June 2013.
- (4) The percentage has been calculated based on 4,929,515,000 Shares in issue as at 31 December 2013.
- (5) Ms. CHEN Shaohuan was appointed as a non-executive Director on 26 December 2013.

(ii) Interests in associated corporations of the Company (long positions)

Name of Director	Name of associated corporation	Capacity	Number of shares	Percentage of shareholding in the associated corporation (%)
KWOK Ying Shing (Note)	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	ChangYu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100
KWOK Ying Chi (Note)	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100
	ChangYu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100

Note:

The entire issued share capital of each of Da Chang Investment Company Limited ("Da Chang"), Da Feng Investment Company Limited ("Da Feng") and Da Zheng Investment Company Limited ("Da Zheng") is held by Chang Yu Investment Company Limited ("Chang Yu") which is in turn wholly owned by Good Health Investments Limited ("Good Health"), which is owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which is acting as the trustee of the Kwok Family Trust. The Kwok Family Trust is a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008, the beneficiary objects of which include the immediate family members of the Kwok Family. Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.

Save as disclosed above, as at 31 December 2013, none of the Directors knew of any person (not being a Director or chief executives of the Company) who had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of the Directors or their spouse or their children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the year ended 31 December 2013.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as set out in note 38 to the consolidated financial statements, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 40 to the consolidated financial statements, no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2013.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group for the year ended 31 December 2013 are set out in notes 40 to the consolidated financial statements, which are in compliance with the requirements of the Listing Rules.

REMUNERATION POLICY

The remuneration policy (which includes the payment of the emoluments to the employees) of the employees of the Group is set up by the Remuneration Committee on the basis of the employees' performance, qualifications and experiences. Details of the remuneration of the Directors are set out in note 29 to the consolidated financial statements, having regard to the Company's operating results, individual performance of the Directors and senior management are comparable market statistics. The Company has adopted share option schemes as an incentive to Directors and eligible employees, details of the share option schemes are set out in note 38 to the consolidated financial statements.

Pursuant to B1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the year 2013 is set out below:

Remuneration bands (RMB)	Number of persons
1 to 1,000,000	1
1,000,001 to 2,000,000	6
2,000,001 to 3,000,000	2
3,000,001 to 4,000,000	–
4,000,001 to 5,000,000	1
	10

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

At no time during the year ended 31 December 2013, a Director, an associate of a Director or a shareholder of the Company (who to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") shows that, as at 31 December 2013, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities," had notified the Company of its interests or short positions in the Shares or underlying Shares which would fail to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at 31 December 2013, so far as the Directors were aware, persons other than the Directors or chief executive of the Company, who had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Type of interests	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	Corporation	1,000,307,622 (L) (Note 2 & 11)	20.40 (L)
Da Feng	Beneficial owner	Corporation	1,035,026,457 (L) (Note 2 & 11)	21.10 (L)
Da Zheng	Beneficial owner	Corporation	1,032,048,622 (L) (Note 2 & 13)	21.10 (L)
Chang Yu	Interest in a controlled corporation	Corporation	3,067,382,701 (L) (Note 2 & 13)	62.42 (L)
Good Health	Interest in a controlled corporation	Corporation	3,058,198,701 (L) (Note 2, 3 & 12)	62.35 (L)
Credit Suisse Trust Limited	Interest in a controlled corporation	Corporation	3,058,198,701 (L) (Note 4 & 12)	62.35 (L)
Kwok Chun Wai	Settlor/Beneficiary of the Kwok Family Trust	Family Trust	3,067,382,701 (L) (Note 4 & 13)	62.42 (L)
Credit Suisse (Hong Kong) Limited	Interest in a controlled corporation	Corporation	300,000,000 (L) 150,000,000 (S) (Note 5 & 10)	6.00 (L) 3.00 (S)
Credit Suisse (International) Holding AG	Interest in a controlled corporation	Corporation	300,000,000 (L) 150,000,000 (S) (Note 5 & 10)	6.00 (L) 3.00 (S)
Credit Suisse AG	Interest in a controlled corporation	Corporation	4,107,726,245 (L) 865,688,491 (S) (Note 5, 9 & 10)	82.15 (L) 17.31 (S)
Credit Suisse Holdings (USA), Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 6, 9 & 10)	75.83 (L) 14.31 (S)
Credit Suisse (USA) Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 6, 9 & 10)	75.83 (L) 14.31 (S)
Credit Suisse Private Equity, Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 6, 9 & 10)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital IV, Inc.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 7, 9 & 10)	75.83 (L) 14.31 (S)

Name of substantial shareholder	Capacity	Type of interests	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
DLJ Real Estate Capital IV, L.P.	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 7, 9 & 10)	75.83 (L) 14.31 (S)
DLJ Real Estate Capital Partners IV, L.P.	Interest in a controlled corporation	Corporation	3,791,570,651(L) 715,688,491 (S) (Note 7, 9 & 10)	75.83 (L)
RECP IV Kaisa, LLC	Interest in a controlled corporation	Corporation	3,791,570,651 (L) 715,688,491 (S) (Note 7, 8, 9 & 10)	14.31 (S)
Sino Life Insurance Co., Ltd.	Interest in a controlled corporation	Corporation	593,130,957 (L) (Note 14 & 15)	12.03 (L)

Notes:

- The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
- The entire issued share capital of each of Da Chang, Da Feng and Da Zheng is held by Chang Yu which is in turn wholly-owned by Good Health.
- Good Health is owned as to 50% by Selestar Limited and as to 50% by Serangoon Limited as nominees and trustees for Credit Suisse Trust Limited.
- Credit Suisse Trust Limited which is acting as the trustee of a discretionary trust set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi on 23 May 2008 (the "Kwok Family Trust"). The beneficiary objects of the Kwok Family Trust include the immediate family members of the Kwok Family (including Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi). Each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and is therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.
- Credit Suisse Group AG is a company listed in Switzerland, ADS in New York and is the parent company of Credit Suisse AG, Credit Suisse (Hong Kong) Limited and Credit Suisse (International) Holding AG.
- Credit Suisse Private Equity, Inc. is wholly-owned by Credit Suisse (USA), Inc., which is in turn wholly-owned by Credit Suisse Holdings (USA), Inc.
- DLJ Real Estate Capital Partners IV, L.P. is wholly-owned by DLJ Real Estate Capital IV, L.P., which is in turn wholly-owned by DLJ Real Estate Capital IV, Inc., which is in turn wholly-owned by Credit Suisse Private Equity, Inc.
- RECP IV Kaisa, LLC, a limited liability company organised under the laws of the State of Delaware, the United States of America, is controlled by DLJ Real Estate Capital Partners IV, L.P. RECP IV Kaisa, LLC has a direct interest in 77,635,783 (L) Shares.
- The interests in the 3,791,570,651(L) Shares and the 715,688,491(S) Shares are the aggregate interests of all investors to the pre-IPO equity agreements among such investors, the Company and the Controlling Shareholders. Pursuant to such agreements, such investors are considered as parties acting in concert under Section 317 and 318 of the SFO, and pursuant to such rules all their interests in the Company (including those of their affiliates) have been counted together when calculating the interests of each such investor (and its controlling person) in the Company. For this purpose, the shares owned by Da Chang, Da Feng and Da Zheng under the trust (see Note 4 above) are also included when calculating the interests of each such investor (and its controlling person) in the Company.
- The percentage has been calculated based on 5,000,000,000 Shares in issue as at 31 December 2009.
- The percentage has been calculated based on 4,904,670,000 as at 31 August 2011.
- The percentage has been calculated based on 4,905,390,000 Shares in issue as at 31 December 2011.
- The percentage has been calculated on 4,914,225,000 Shares in issue as at 30 June 2013.
- The percentage has been calculated based on 4,929,515,000 as at 31 December 2013.
- Sino Life Insurance Co., Ltd. a limited liability company established in Shanghai, China.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the Listing Rules since the date of listing and up to 31 December 2013.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

AUDITOR

Messrs. PricewaterhouseCoopers has been appointed as auditor of the Company since 2007 and will retire at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board

KWOK Ying Shing

Chairman

Hong Kong, 20 February 2014

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS OF KAISA GROUP HOLDINGS LTD.

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 82 to 169, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 February 2014

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December	
		2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	579,528	307,948
Investment properties	7	9,595,200	7,539,500
Land use rights	8	165,342	60,485
Deferred income tax assets	22	197,560	208,941
		10,537,630	8,116,874
Current assets			
Properties under development	10	45,168,917	31,670,226
Completed properties held for sale	11	6,134,899	3,169,518
Debtors, deposits and other receivables	12	3,323,539	2,380,689
Deposits for land acquisition	13	9,662,066	3,462,425
Prepayments for proposed development projects	14	4,025,563	3,608,772
Prepaid taxes		197,760	191,806
Financial derivatives	15	51,450	–
Restricted cash	16	1,676,463	669,784
Short-term bank deposits	17	263,723	–
Cash and cash equivalents	17	6,765,970	4,682,502
		77,270,350	49,835,722
Total assets		87,807,980	57,952,596
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	434,139	432,246
Share premium	18	3,861,789	3,817,526
Reserves			
– Proposed final dividend	19	581,338	–
– Others	19	12,420,307	10,100,417
		17,297,573	14,350,189
Non-controlling interests		4,460,591	703,994
Total equity		21,758,164	15,054,183

	Note	As at 31 December	
		2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	18,200,998	12,257,358
Financial derivatives	21(d)	–	59,084
Deferred income tax liabilities	22	1,300,266	1,143,247
		19,501,264	13,459,689
Current liabilities			
Advance proceeds received from customers and deposits received	23	29,638,940	17,243,847
Accrued construction costs		8,020,540	5,414,517
Income tax payable		2,817,056	1,480,732
Borrowings	21	4,023,758	3,150,338
Other payables	24	1,977,465	1,697,391
Amounts due to non-controlling interests of subsidiaries		70,793	451,899
		46,548,552	29,438,724
Total liabilities		66,049,816	42,898,413
Total equity and liabilities		87,807,980	57,952,596
Net current assets		30,721,798	20,396,998
Total assets less current liabilities		41,259,428	28,513,872

The notes on pages 88 to 169 are an integral part of these consolidated financial statements.

The financial statements on pages 82 to 169 were approved by the Board of Directors on 20 February 2014 and were signed on its behalf.

Director

Director

BALANCE SHEET

As at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	9	17,140,746	14,832,036
Current assets			
Debtors, deposits and other receivables	12	2,302	2,214
Amount due from a subsidiary	9	1,000,000	–
Financial derivatives	15	51,450	–
Cash and cash equivalents	17	285,366	102,206
		1,339,118	104,420
Total assets		18,479,864	14,936,456
EQUITY			
Share capital	18	434,139	432,246
Share premium	18	3,861,789	3,817,526
Reserves			
– Proposed final dividend	19	581,338	–
– Others	19	884,929	993,522
Total equity		5,762,195	5,243,294
LIABILITIES			
Non-current liabilities			
Borrowings	21	11,741,857	8,299,561
Financial derivatives	21(d)	–	59,084
		11,741,857	8,358,645
Current liabilities			
Other payables	24	33,838	9,904
Borrowings	21	941,974	1,324,613
		975,812	1,334,517
Total liabilities		12,717,669	9,693,162
Total equity and liabilities		18,479,864	14,936,456
Net current assets/(liabilities)		363,306	(1,230,097)
Total assets less current liabilities		17,504,052	13,601,939

The notes on pages 88 to 169 are an integral part of these financial statements.

The financial statements on pages 82 to 169 were approved by the Board of Directors on 20 February 2014 and were signed on its behalf.

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Revenue	5	19,523,056	11,955,020
Cost of sales	26	(12,923,218)	(8,069,591)
Gross profit		6,599,838	3,885,429
Other (losses)/gains – net	25	(84,291)	226,051
Selling and marketing costs	26	(861,877)	(578,325)
Administrative expenses	26	(952,013)	(818,386)
Change in fair value of investment properties	7	728,712	501,075
Change in fair value of financial derivatives	15, 21(d)	51,450	54,710
Operating profit		5,481,819	3,270,554
Share of result from an associate		–	(462)
Finance income		317,519	37,811
Finance costs		(643,478)	(38,501)
Finance costs – net	27	(325,959)	(690)
Profit before income tax		5,155,860	3,269,402
Income tax expenses	30	(2,293,213)	(1,153,225)
Profit and total comprehensive income for the year		2,862,647	2,116,177
Profit attributable to:			
Equity holders of the Company		2,857,449	2,072,219
Non-controlling interests		5,198	43,958
		2,862,647	2,116,177
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic	31	0.581	0.422
– Diluted	31	0.534	0.406
Dividend	33	581,338	–

The notes on pages 88 to 169 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Capital and reserves attributable to equity holders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 18)	Share premium RMB'000 (note 18)	Reserves RMB'000 (note 19)	Total RMB'000		
Balance as at 1 January 2012	432,210	3,816,563	7,692,893	11,941,666	7,786	11,949,452
Total comprehensive income for the year	—	—	2,072,219	2,072,219	43,958	2,116,177
Transactions with owners in their capacity as owners:						
Dividend paid to non-controlling interests	—	—	—	—	(50,000)	(50,000)
Acquisition of additional interests in a subsidiary (note 36(a))	—	—	—	—	(26)	(26)
Capital injection by non-controlling interests	—	—	—	—	19,700	19,700
Disposal of subsidiaries (note 37(b))	—	—	(23,341)	(23,341)	—	(23,341)
Deemed disposal of subsidiaries without loss of control (note 37(c))	—	—	104,950	104,950	460,595	565,545
Partial disposal of a subsidiary without loss of control (note 37(a))	—	—	196,503	196,503	203,497	400,000
Acquisition of subsidiaries (note 36(b))	—	—	—	—	18,484	18,484
Exercise of shares options (note 18(a))	36	963	(264)	735	—	735
Share-based payments	—	—	57,457	57,457	—	57,457
Balances as at 31 December 2012 and 1 January 2013	432,246	3,817,526	10,100,417	14,350,189	703,994	15,054,183
Total comprehensive income for the year	—	—	2,857,449	2,857,449	5,198	2,862,647
Transactions with owners in their capacity as owners:						
Acquisition of additional interests in a subsidiary (note 36(a))	—	—	—	—	(18,228)	(18,228)
Capital injection by non-controlling interests	—	—	—	—	470,800	470,800
Deemed disposal of subsidiaries without loss of control (note 37(c))	—	—	22,045	22,045	647,955	670,000
Partial disposal of subsidiaries without loss of control (note 37(a))	—	—	228	228	35,872	36,100
Acquisition of subsidiaries (note 36(b))	—	—	—	—	2,615,000	2,615,000
Exercise of shares options (note 18(b))	1,893	44,263	(12,944)	33,212	—	33,212
Share-based payments	—	—	34,450	34,450	—	34,450
Balances as at 31 December 2013	434,139	3,861,789	13,001,645	17,297,573	4,460,591	21,758,164

The notes on pages 88 to 169 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	1,297,890	1,648,659
Income tax paid		(794,443)	(905,664)
Interest paid		(1,902,733)	(1,468,363)
Net cash used in operating activities		(1,399,286)	(725,368)
Cash flows from investing activities			
Purchase of property and equipment		(273,665)	(73,260)
Additions to investment properties		(1,361,988)	(531,261)
Additions in land use right		(90,829)	–
Acquisition of subsidiaries, net of cash acquired	36(b)	(1,991,158)	(831,288)
Proceeds from disposal of an associate		–	442,160
Proceeds from disposal of subsidiaries		47	–
Payment for consideration payable related to purchase a subsidiary and an associate		(52,000)	(186,105)
Proceeds from disposal of property and equipment	32	2,062	463
Increase in short-term bank deposits		(263,723)	–
Interest received		37,570	21,964
Net cash used in investing activities		(3,993,684)	(1,157,327)
Cash flows from financing activities			
Proceeds from bank and other borrowings		8,960,641	2,931,000
Repayments of bank and other borrowings		(3,753,059)	(3,533,450)
Acquisition of additional interests in a subsidiary	36(a)	(48,000)	(26)
Proceeds from issuance of Senior Notes	21(a)	8,268,307	1,528,155
Redemption of Senior Notes	21(a)	(4,062,247)	–
Redemption of Senior Secured Guaranteed Bonds	21(c)	(2,000,000)	–
Redemption of Exchangeable Term Loan	21(d)	(754,260)	–
Redemption of Convertible Bonds	21(b)	(200)	–
Premium paid for early redemption of debts	21(f)	(334,391)	–
Proceeds from issuance of Exchangeable Term Loan	21(d)	–	756,989
Capital injection by non-controlling interests		470,800	19,700
Proceeds from partial disposal of subsidiaries without loss of control	37(a)	36,100	400,000
Proceeds from deemed disposal of subsidiaries without loss of control	37(c)	670,000	565,545
Dividend paid to non-controlling interests		–	(50,000)
Proceeds from exercise of share options	18	33,212	735
Net cash generated from financing activities		7,486,903	2,618,648
Net increase in cash and cash equivalents		2,093,933	735,953
Cash and cash equivalents at beginning of year		4,682,502	3,945,389
Exchange adjustments		(10,465)	1,160
Cash and cash equivalents at end of year	17	6,765,970	4,682,502

The notes on pages 88 to 169 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. During the year, the Company was engaged in investment holding and the subsidiaries of the Company were principally engaged in property development, property investment, property management, and hotel and catering operations.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 20 February 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets and financial liabilities (including financial derivative) at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) New and amended standards adopted by and relevant to the Group

Amendment to HKFRS 7, ‘Financial instruments: Disclosures’, on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

HKFRS 10, ‘Consolidated financial statements’ builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

HKFRS 13 ‘Fair value measurement’, which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and generally accepted accounting principles in the United States of America (“US GAAP”), do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

There are no other amended standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, amendments to standards and interpretation that have been issued but were not yet effective

The following new/revised standards, amendments and interpretations have been issued but were not effective for the financial year beginning on 1 January 2013 and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015
Amendments to HKFRS 10, 12 and HKAS 27 (2011)	Investment entities	1 January 2014
HK(IFRIC) 21	Levies	1 January 2014

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

(b) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(i) Business combinations (Continued)

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intra-group transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to confirm with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that the amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi, which is the functional currency of the Company and the presentation currency of the Company and the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance costs – net'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognized in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in equity.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Land use rights

The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets. The amortisation of land use rights is recognized as an expense on a straight-line basis over the unexpired period of the land use rights.

(g) Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part derecognized. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Hotel properties	20–25 years
Buildings	20–25 years
Motor vehicles	5–10 years
Furniture, fitting and equipment	3–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(e)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within "other (losses)/gains – net" in profit or loss.

(h) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields for capital appreciation or both, and are not occupied by the Group. They also include properties that are under construction but with a plan to use as investment properties in the future.

Investment properties comprise land and buildings held under operating leases.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. The operating lease is accounted for as if it were a finance lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment properties (Continued)

Investment properties are measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

Where fair value of investment property under construction is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of comprehensive income during the financial period in which they are incurred.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposals.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to property under development at its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as land use rights and property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If the land use rights and the attached properties for own-use become an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of the land use rights and the attached properties under HKAS 16. Any revaluation reserve balance of the property is transferred to retained earnings in the statement of comprehensive income upon the subsequent disposal of the investment property.

For a transfer from completed properties for sale to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

(i) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are recognized as "debtors, deposits and other receivables", "restricted cash", "short-term bank deposits" and "cash and cash equivalents" in the balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(k) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on marketing conditions.

Development cost of property comprises construction costs, land use rights in relation to properties under development for subsequent sale, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale and buildings within property and equipment.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Completed properties held for sale

Completed properties remaining unsold at the end of each reporting period are stated as inventory at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(m) Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Financial derivatives

Financial derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values.

Financial derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognized immediately in the profit or loss.

(o) Cash and cash equivalents

Cash and cash equivalent includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Restricted cash and short-term bank deposits are not included in cash and cash equivalents.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to equity holders of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to equity holders of the Company.

(q) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(s) Senior Notes and Senior Secured Guaranteed Bonds

Senior Notes and Senior Secured Guaranteed Bonds issued by the Company are recognized at fair value at date of issue, net of transaction costs incurred. After initial recognition, the Senior Notes and Senior Secured Guaranteed Bonds are carried at amortised cost using the effective interest method.

(t) Convertible bonds

(i) Convertible bonds with equity component

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry or when the Company redeems some or all of the convertible bonds upon exercise of the put option by the bond holders.

(ii) Convertible bonds without equity component

All other convertible bonds which do not exhibit the characteristics mentioned in (i) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract. At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognized as the derivative component is recognized as liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognized in the profit or loss. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

When the convertible bonds are converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the convertible bonds are redeemed, any difference between the redemption amount and the carrying amounts of both components are recognized in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Borrowing costs

Borrowing costs are charged to the profit or loss in the accounting period in which they are incurred, except for costs related to funding of the construction and acquisition of properties under development which are capitalised as part of the cost of that asset during the construction period and up to the date of completion of construction.

(v) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and its associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(w) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee benefits (Continued)

(ii) Retirement benefits

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds. Other than the contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees in Hong Kong.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based payments

The Group operates equity-settled share option schemes. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in the parent entity accounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

(y) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services, stated net of discounts, returns and value added tax, in the ordinary course of the Group's activities. Revenue is shown after eliminating sales with the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of properties

(1) Completed properties held for sale

Revenue from sales of completed properties held for sale is recognized when the risks and rewards of properties are transferred to the purchasers, which occurs when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Revenue recognition (Continued)

(i) Sales of properties (Continued)

(2) Properties under development/held for sale and proposed development projects

Revenue from sales of properties under development and proposed development projects is recognized when the risks and rewards of properties or projects are transferred to the purchasers, which occurs when the relevant properties or projects have been delivered to the purchasers and collectability of related receivables is reasonably assured.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advance proceeds received from customers and deposits received under current liabilities.

(ii) Rental income

Rental income from properties letting under operating leases is recognized on a straight-line basis over the lease terms.

(iii) Property management

Commission arising from property management is recognized in the accounting period in which the service is rendered.

(iv) Hotel operation income

Hotel revenue from room rental, food and beverage sales and other ancillary services is recognized when the services are rendered.

(v) Catering income

Revenue from restaurant operations is recognized when food, beverages and services are delivered or rendered to customers and collectability of the related receivables is reasonably assured.

(z) Interest income

Interest income is recognized using the effective interest method.

(aa) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(ii) The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the consolidated balance sheet based on the nature of the assets. Rental income from operating lease is recognized over the term of the lease on a straight-line basis.

(ab) Dividend distribution

Dividend distribution to the equity holders of the Company is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ac) Financial guarantee liabilities

Financial guarantee liabilities are recognized in respect of the financial guarantee provided by the Group to the property purchasers.

Financial guarantee liabilities are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognized less cumulative amortisation.

Financial guarantee liabilities are derecognized from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3 FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's major financial instruments include debtors, deposits and other receivables, deposits for land acquisition, cash and cash equivalents, restricted cash, short-term bank deposits, accrued construction costs, other payables, purchase consideration of subsidiaries, financial derivatives and borrowings. Details of these financial instruments are disclosed in respective notes. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(a) Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and bank borrowings to fund its operations. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Risk management is carried out by the Group's management under the supervision of the Board. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Board provides guidance for overall risk management.

(i) Market risk

(1) Foreign currency exchange risk

The Group

The Group's businesses are principally conducted in RMB, except that borrowings are in other foreign currencies. The major non-RMB assets and liabilities are borrowings and bank deposits denominated in Hong Kong dollar ("HKD") and the United States dollar ("USD").

The Company and all of its subsidiaries' functional currency is RMB, so the bank balances and borrowings denominated in foreign currencies are subject to retranslation at each reporting date. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(1) Foreign currency exchange risk *(Continued)*

The Group *(Continued)*

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2013, if RMB had strengthened/weakened by 5% against HKD and USD, with all other variables held constant, the Group's post-tax profit for the year would have been approximately RMB471,003,000 higher/lower (2012: RMB332,885,000 higher/lower), mainly as a result of net foreign exchange gains/losses on translation of HKD and USD denominated bank deposits and bank borrowings.

The Company

As at 31 December 2013, if RMB had strengthened/weakened by 5% against HKD and USD, with all other variables held constant, the Company's post-tax profit for the year would have been approximately RMB431,757,000 higher/lower (2012: RMB294,574,000 higher/lower), mainly as a result of net foreign exchange gains/losses on translation of HKD and USD denominated bank deposits and bank borrowings.

(2) Interest rate risk

The Group

The Group has been exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank borrowings which carry prevailing market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from interest bearing bank deposits, bank and other borrowings, Convertible Bonds, Senior Notes, Senior Secured Guaranteed Bonds and Exchangeable Term Loan. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Convertible Bonds, Senior Notes, Senior Secured Guaranteed Bonds, Exchangeable Term Loan and other borrowing issued at fixed rates expose the Group to fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2013, if interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Group's post-tax profit for the year would have been RMB51,019,000 higher/lower (2012: RMB32,417,000 higher/lower). Majority of the interest expenses would be capitalised as a result of such interest expenses directly attributable to the property construction.

The Company

The Company's interest rate risk arises from interest bearing bank deposits, bank and other borrowings, Convertible Bonds, Senior Notes, Senior Secured Guaranteed Bonds and Exchangeable Term Loan. Bank deposits at variable rates expose the Company to cash flow interest-rate risk. Convertible Bonds, Senior Notes, Senior Secured Guaranteed Bonds, Exchangeable Term Loan and other borrowing issued at fixed rates expose the Company to fair value interest rate risk.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(2) Interest rate risk *(Continued)*

The Company *(Continued)*

As at 31 December 2013, if interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Company's post-tax profit for the year would have been RMB2,852,000 higher/lower (2012: RMB1,018,000 higher/lower).

(ii) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of restricted cash, short-term bank deposits, cash and cash equivalents, debtors, deposits and other receivables and deposits for land acquisition represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group reviews the recoverable amount of debtors, deposits and other receivables and deposits for land acquisition on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

In order to minimise the credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each debtor at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is limited.

The credit risk on liquid funds is limited because the counterparties are state-owned financial institutions and reputable banks with high credit rankings.

The Group has arranged bank financing for certain purchasers of property units for an amount up to 70% of the total purchase price of the property, and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly low.

(iii) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term bank loans to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

The Group has certain alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction plans for properties under development, implementing cost control measures, accelerating sales with more flexible pricing, seeking partners to develop quality projects and renegotiating payment terms with counterparties for certain land acquisitions. The Group will, based on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table represents both interest and principal cash flows.

The Group

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2013					
Borrowings	5,805,372	5,021,868	12,436,928	5,665,402	28,929,570
Accrued construction costs	8,020,540	–	–	–	8,020,540
Other payables	1,977,465	–	–	–	1,977,465
Amounts due to non-controlling interests of subsidiaries	70,793	–	–	–	70,793
Total	15,874,170	5,021,868	12,436,928	5,665,402	38,998,368
At 31 December 2012					
Borrowings	4,866,436	7,171,382	7,406,172	651,443	20,095,433
Accrued construction costs	5,414,517	–	–	–	5,414,517
Other payables	1,697,391	–	–	–	1,697,391
Amounts due to non-controlling interests of subsidiaries	451,899	–	–	–	451,899
Total	12,430,243	7,171,382	7,406,172	651,443	27,659,240

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The Company

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2013					
Borrowings	2,135,043	2,589,253	9,098,997	3,479,883	17,303,176
Other payables	33,838	–	–	–	33,838
Total	2,168,881	2,589,253	9,098,997	3,479,883	17,337,014
At 31 December 2012					
Borrowings	2,612,754	4,308,111	6,356,788	–	13,277,653
Other payables	9,904	–	–	–	9,904
Total	2,622,658	4,308,111	6,356,788	–	13,287,557

(b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21 and equity attributable to equity holders of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company assess the annual budget prepared by the treasury department which reviews the planned construction projects proposed by engineering department and prepared the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated balance sheet) less cash and cash equivalents, short-term bank deposits and restricted cash. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management (Continued)

The gearing ratios of the Group at 31 December 2013 and 2012 were as follows:

	2013 RMB'000	2012 RMB'000
Total borrowings (note 21)	22,224,756	15,407,696
Less: Cash and cash equivalents, short-term bank deposits (note 17) and restricted cash (note 16)	(8,706,156)	(5,352,286)
Net debt	13,518,600	10,055,410
Total equity	21,758,164	15,054,183
Gearing ratio	62.1%	66.8%

The decrease in the gearing ratio during 2013 was primarily resulted from using the Group's internally generated funds to finance its operations.

(c) Fair value estimation

According to HKFRS 7, financial instruments measured in the balance sheet at fair value are required to disclose the fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The carrying amounts of the Group's current financial assets, including debtors, deposits and other receivables, deposits for land acquisition, restricted cash, short-term bank deposits and cash and cash equivalents, and the Group's current financial liabilities including current borrowings, accrued construction costs, other payables and amounts due to non-controlling interests of subsidiaries approximate their fair values due to their short maturities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use-of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. For disclosures of investment properties that are measured at fair value in note 7.

The following table presents the Group's financial assets/(liabilities) that are measured at fair value at 31 December 2013 and 2012.

	2013 RMB'000	2012 RMB'000
Level 2		
Financial derivatives from forward exchange contract	51,450	–
Level 3		
Financial derivative component of borrowings	–	(59,084)

There were no transfers between level 1, 2 and 3 during the year.

The following table presents the changes in level 3 derivative financial instruments for the year ended 31 December 2013 and 2012.

	2013 RMB'000	2012 RMB'000
Opening balance	59,084	–
Additions	–	114,357
Early repayment premium	(59,084)	–
Changes in fair value	–	(54,710)
Exchange difference	–	(563)
Closing balance	–	59,084

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangement and similar agreements during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the consolidated financial statements are evaluated and are 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 within the next financial year are discussed below.

(a) Fair value of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognized in the statement of comprehensive income. It obtains independent valuations at least annually. In making the judgment, consideration is given to assumptions that are mainly based on market conditions existing at the balance sheet date, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. Changes in subjective input assumptions can materially affect the fair value estimate. The key assumptions used in the valuation in determining fair value for the Group's portfolio of properties are set out in note 7.

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

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

As at 31 December 2013, based on management's best estimates, the Group has made a provision of RMB206,344,000 (2012: RMB41,210,000 for completed properties held for sale) for properties under development and completed properties held for sale.

(c) Prepayments for proposed development projects and deposits for land acquisitions

The Group assesses the carrying amounts of deposits for land acquisitions and prepayments for proposed development projects according to their net recoverable amounts based on the realisability of these land use rights and property development projects, taking into account estimated net sales values based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

(d) Income taxes, land appreciation taxes, withholding taxes and deferred income taxes

Significant judgment is required in determining the provision for income taxes and withholding taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provision in the period in which such determination is made.

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. The Group recognized these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the costs of sales and deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) Income taxes, land appreciation taxes, withholding taxes and deferred income taxes (Continued)

Deferred income tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, the deferred income tax charge and deferred income tax liabilities would have been increased by the same amount of approximately RMB376,276,000 (2012: RMB294,232,000).

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The executive directors assess the performance of the single operating segment based on a measure of profit before share of result from an associate, finance income, finance costs and income tax expenses.

The executive directors consider the business from services perspective only. From services perspective, management assesses the performance of sales of properties, rental income, hotel and catering operations and property management services and regards these being the reportable segments. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue for the year consists of the following:

	2013 RMB'000	2012 RMB'000
Turnover		
Sales of properties		
– Completed properties held for sale	15,196,535	9,528,507
– Properties under development/held for sale and proposed development projects	3,893,750	2,069,370
Rental income	216,605	169,561
Property management services	166,010	137,180
Hotel and catering operations	50,156	50,402
	19,523,056	11,955,020

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2013 is as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Others RMB'000	Total RMB'000
Revenue	19,090,285	241,149	494,117	50,156	–	19,875,707
Less: Inter-segment revenue	–	(24,544)	(328,107)	–	–	(352,651)
Revenue from external customers	19,090,285	216,605	166,010	50,156	–	19,523,056
Segment results before changes in fair values of investment properties and financial derivatives	4,842,869	14,540	22,437	(33,885)	(144,304)	4,701,657
Change in fair value of investment properties (note 7)	–	728,712	–	–	–	728,712
Change in fair value of financial derivatives (note 15)	–	–	–	–	51,450	51,450
Segment results	4,842,869	743,252	22,437	(33,885)	(92,854)	5,481,819
Finance income						317,519
Finance costs						(643,478)
Finance costs – net						(325,959)
Profit before income tax						5,155,860
Income tax expenses						(2,293,213)
Profit for the year						2,862,647
Other information:						
Depreciation (note 6)	40,419	3,935	3,557	12,825	7,811	68,547
Amortisation of land use rights (note 8)	3,742	–	–	1,480	–	5,222
Write down of completed properties held for sale and provisions for properties under development (note 25)	206,344	–	–	–	–	206,344

5 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property investment RMB'000	Property Management RMB'000	Hotel and catering Operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	158,593,682	10,576,869	2,514,776	222,412	42,731,854	(127,278,383)	87,361,210
Unallocated							446,770
Total assets							87,807,980
Segment liabilities	123,855,947	3,551,991	1,518,295	154,690	20,514,285	(103,833,970)	45,761,238
Unallocated							20,288,578
Total liabilities							66,049,816
Other information: Capital expenditure (notes 6, 7 and 8)	306,551	1,390,963	7,610	20,529	829	–	1,726,482

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2012 is as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Others RMB'000	Total RMB'000
Revenue	11,597,877	182,843	474,314	50,402	–	12,305,436
Less: Inter-segment revenue	–	(13,282)	(337,134)	–	–	(350,416)
Revenue from external customers	11,597,877	169,561	137,180	50,402	–	11,955,020
Segment results before changes in fair values of investment properties and financial derivatives	2,893,682	1,819	22,211	(31,838)	(171,105)	2,714,769
Change in fair value of investment properties (note 7)	–	501,075	–	–	–	501,075
Change in fair value of financial derivatives (note 21(d))	–	54,710	–	–	–	54,710
Segment results	2,893,682	557,604	22,211	(31,838)	(171,105)	3,270,554
Share of result from an associate	(462)	–	–	–	–	(462)
Finance income						37,811
Finance costs						(38,501)
Finance costs – net						(690)
Profit before income tax						3,269,402
Income tax expenses						(1,153,225)
Profit for the year						2,116,177
Other information:						
Depreciation (note 6)	25,671	3,094	1,064	6,402	5,711	41,942
Amortisation of land use rights (note 8)	852	–	–	652	–	1,504
Write down of completed properties held for sale and provisions for properties under development (note 25)	41,210	–	–	–	–	41,210

5 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property investment RMB'000	Property Management RMB'000	Hotel and catering Operations RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	91,944,113	8,754,775	1,825,485	182,753	55,698,761	(100,854,038)	57,551,849
Unallocated							400,747
Total assets							57,952,596
Segment liabilities	63,297,796	3,385,844	923,284	111,307	37,174,026	(80,025,519)	24,866,738
Unallocated							18,031,675
Total liabilities							42,898,413
Other information: Capital expenditure (notes 6 and 7)	31,043	540,319	4,055	23,616	5,488	–	604,521

No inter-segment transfers are entered during the year ended 31 December 2013 and 2012.

Other business segments include the investment holding and inactive companies.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits and cash and cash equivalents. They exclude financial derivatives, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advance proceeds received from customers and deposits received, accrued construction costs, financial derivatives, other payables and amounts due to non-controlling interests of subsidiaries. They exclude deferred income tax liabilities, income tax payable and corporate borrowings.

Capital expenditure comprises additions to non-current assets other than deferred income tax assets that are expected to be recovered for more than one year after the balance sheet date.

6 PROPERTY AND EQUIPMENT

	Hotel properties RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
At 1 January 2012					
Cost	–	67,094	51,514	92,707	211,315
Accumulated depreciation	–	(16,799)	(19,988)	(25,803)	(62,590)
Net book amount	–	50,295	31,526	66,904	148,725
Year ended 31 December 2012					
Opening net book amount	–	50,295	31,526	66,904	148,725
Disposal of subsidiaries	–	–	(101)	(31)	(132)
Transfer between categories	8,576	(8,576)	–	–	–
Transfer from completed properties held for sale	110,888	5,165	–	–	116,053
Transfer from investment properties (note 7)	–	12,743	–	–	12,743
Additions	–	–	13,525	59,735	73,260
Disposals	–	–	(552)	(207)	(759)
Depreciation	(2,174)	(3,746)	(8,599)	(27,423)	(41,942)
Closing net book amount	117,290	55,881	35,799	98,978	307,948
At 31 December 2012					
Cost	119,464	74,916	63,979	151,743	410,102
Accumulated depreciation	(2,174)	(19,035)	(28,180)	(52,765)	(102,154)
Net book amount	117,290	55,881	35,799	98,978	307,948

6 PROPERTY AND EQUIPMENT (Continued)

	Hotel properties RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Year ended 31 December 2013					
Opening net book amount	117,290	55,881	35,799	98,978	307,948
Transfer from completed properties held for sale	–	69,797	–	–	69,797
Acquisition of subsidiaries	–	–	–	2	2
Additions	–	177,834	8,756	87,075	273,665
Disposals	–	–	(622)	(2,668)	(3,290)
Disposal of subsidiaries	–	–	–	(47)	(47)
Depreciation	(4,761)	(10,450)	(13,055)	(40,281)	(68,547)
Closing net book amount	112,529	293,062	30,878	143,059	579,528
At 31 December 2013					
Cost	119,464	322,547	70,656	232,051	744,718
Accumulated depreciation	(6,935)	(29,485)	(39,778)	(88,992)	(165,190)
Net book amount	112,529	293,062	30,878	143,059	579,528

As at 31 December 2013, buildings with net book amounts totaling RMB121,786,000 (2012: RMB35,376,000) were pledged as collateral for the Group's borrowings (note 21).

Depreciation expense of RMB68,547,000 (2012: RMB41,942,000) has been charged in administrative expenses during the year.

7 INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
As at 1 January 2012	4,481,200	1,893,900	6,375,100
Additions	531,261	–	531,261
Transfer from completed properties held for sale	–	150,000	150,000
Transfer to property and equipment (note 6)	–	(12,743)	(12,743)
Transfer to land use rights (note 8)	–	(5,193)	(5,193)
Increase in fair value	370,539	130,536	501,075
As at 31 December 2012 and 1 January 2013	5,383,000	2,156,500	7,539,500
Additions	1,361,988	–	1,361,988
Transfer to properties under development	(35,000)	–	(35,000)
Transfer upon completion	(1,219,586)	1,219,586	–
Increase in fair value	591,598	137,114	728,712
As at 31 December 2013	6,082,000	3,513,200	9,595,200

The following amounts have been recognized in the consolidated statement of comprehensive income for investment properties:

	2013 RMB'000	2012 RMB'000
Rental income	130,418	120,937
Direct operating expenses arising from investment properties that generate rental income	34,232	39,312

Valuation processes of the Group

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at least annually. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee. Discussions of valuation processes and results are held between the management, audit committee and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

7 INVESTMENT PROPERTIES (Continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalization method by capitalizing market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

Significant inputs used to determine fair value

As at 31 December 2013, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

	2013	2012
Capitalisation rate	3.5%–6.5%	3.5%–7.0%
Discount rate	5.6%–6.4%	6.2%–6.4%
Expected vacancy rate	0.0%–5.0%	0.0%–5.0%
Monthly rental (RMB/sqm/month)	19–481	91–435
Budgeted construction cost (RMB/sqm)	2,900–8,000	2,500–7,100
Anticipated developer's profit margin	10.0%–25.0%	15.0%–25.0%

Capitalisation and discount rates are estimated by valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents per square meter are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs per square meter to completion and developer's profit margin required are estimated by the valuer based on market conditions at 31 December 2013. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

7 INVESTMENT PROPERTIES (Continued)

The Group's interests in investment properties are analysed as follows:

	2013 RMB'000	2012 RMB'000
In the PRC, held on:		
Leases of over 50 years	133,000	327,600
Leases of between 10 to 50 years	9,462,200	7,211,900
	9,595,200	7,539,500

As at 31 December 2013, the investment properties with carrying values totaling RMB2,048,200,000 (2012: RMB1,907,100,000) were pledged as collateral for the Group's borrowings (note 21).

8 LAND USE RIGHTS

	2013 RMB'000	2012 RMB'000
At beginning of year	60,485	20,603
Transfer from completed properties held for sale	19,250	36,193
Transfer from investment properties (note 7)	–	5,193
Additions	90,829	–
Amortisation – expensed in administrative expenses	(5,222)	(1,504)
At end of year	165,342	60,485
In the PRC, held on:		
Leases of over 50 years	6,129	6,429
Leases of between 10-50 years	159,213	54,056
	165,342	60,485

As at 31 December 2013, land use rights with net book amounts totaling RMB40,738,000 (2012: RMB15,821,000) were pledged as collateral for the Group's borrowings (note 21).

9 SUBSIDIARIES

	Company	
	2013 RMB'000	2012 RMB'000
Non-current assets		
Unlisted shares, at cost	7	7
Share options issued to employees of subsidiaries (note 19(c))	221,958	187,508
Amount due from a subsidiary (note b)	16,918,781	14,644,521
	17,140,746	14,832,036
Current asset		
Amount due from a subsidiary (note c)	1,000,000	—

Notes:

- (a) Details of the subsidiaries are set out in note 41.
- (b) The amount due from a subsidiary represents equity funding by the Company to a subsidiary as the Company does not expect repayment in the foreseeable future.
- (c) The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

10 PROPERTIES UNDER DEVELOPMENT

	2013 RMB'000	2012 RMB'000
Amount comprises:		
Construction costs	19,656,093	13,705,311
Interest capitalised	2,247,846	1,659,038
Land use rights	23,393,966	16,305,877
	45,297,905	31,670,226
Less: Provisions for properties under development	(128,988)	–
	45,168,917	31,670,226

The properties under development are all located in the PRC.

As at 31 December 2013, properties under development of approximately RMB10,472,718,000 (2012: RMB7,176,079,000) were pledged as collateral for the Group's borrowings (note 21).

11 COMPLETED PROPERTIES HELD FOR SALE

Completed properties held for sale are all located in the PRC.

As at 31 December 2013 and 2012, completed properties held for sale of approximately RMB1,000,341,000 (2012: RMB86,678,000) were pledged as collateral for the Group's bank borrowings (note 21).

12 DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade receivables (note a)	1,763,782	1,296,022	–	–
Other receivables	394,111	234,400	–	–
Other deposits	477,874	329,323	2,302	2,214
Prepayments	135,813	139,580	–	–
Prepaid other taxes	551,959	381,364	–	–
	3,323,539	2,380,689	2,302	2,214

12 DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

- (a) Trade receivables mainly arose from sale of properties. The ageing analysis of trade receivables of the Group by due date is as follows:

	2013 RMB'000	2012 RMB'000
Not yet due (note i)	683,870	1,070,450
Within 90 days (note ii)	1,038,882	182,748
91–180 days (note ii)	31,679	42,824
181–270 days (note ii)	9,351	–
	1,763,782	1,296,022

- (i) As at 31 December 2013 and 2012, the balance represented receivables from sales of commercial and residential properties, properties under development/held for sales and proposed development projects from independent third parties. These receivables are repayable within one year after the completion of certain legal documents, which is expected to be settled in 2014.
- (ii) As at 31 December 2013, the balance primarily represented receivables from sales of residential properties to independent third parties. Generally, no credit terms are granted to these customers. The Group considered the above receivables were past due but not impaired as majority of the balances are due from customers in the process of applying mortgage loans or repaid in accordance to the repayment schedule (see note 3(a)(ii)). These relate to a number of independent customers for whom there is no recent history of default.
- (b) As at 31 December 2013, there is no provision made for trade and other receivables and no trade and other receivables were impaired.
- (c) The maximum credit risk exposure is the amount shown on the balance sheet.
- (d) The carrying amounts of the Group's receivables are mainly denominated in Renminbi.

13 DEPOSITS FOR LAND ACQUISITION

Deposits for land acquisition arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained. The carrying amounts of the Group's deposits for land acquisition are mainly denominated in Renminbi.

14 PREPAYMENTS FOR PROPOSED DEVELOPMENT PROJECTS

The Group has entered into a number of contractual arrangements relating to redevelopment of certain areas, transfer of projects and other development projects with independent third parties and has made prepayments in accordance with the terms of these respective contracts. These prepayments would be converted into properties under development upon the completion of the contracts.

15 FINANCIAL DERIVATIVES

	Group and Company	
	2013	2012
	RMB'000	RMB'000
Measured at fair value and included in the balance sheet as current assets:		
Forward foreign exchange contract	51,450	—

The notional principal amount of the outstanding forward foreign exchange contract at 31 December 2013 was RMB1,800,000,000 (2012: Nil).

16 RESTRICTED CASH

Restricted cash mainly comprised of:

- In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for construction materials and construction fees of the relevant property projects when approvals are obtained from local State-Owned Land and Resource Bureau. As at 31 December 2013, such guarantee deposits amounted to RMB1,194,873,000 (2012: RMB157,060,000). They will be released after pre-sale properties are completed or their property ownership certificates are issued, whichever is the earlier.
- As at 31 December 2013, the Group's cash of RMB470,148,000 (2012: RMB327,769,000) was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities (note 34) granted by the banks to the purchasers of the Group's properties.
- As at 31 December 2013, the Group's cash of RMB11,442,000 (2012: RMB184,955,000) was deposited in certain banks as guarantee deposits for issuance of notes payables.

17 RESTRICTED CASH, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash	1,676,463	669,784	—	—
Short-term bank deposits (note)	263,723	—	—	—
Cash and cash equivalents	6,765,970	4,682,502	285,366	102,206
Cash and bank balances	8,706,156	5,352,286	285,366	102,206

Note:

The effective interest rates and maturities of short-term bank deposits in the PRC are ranged from 3.05% to 4.40% per annum and from 6 to 12 months as at 31 December 2013. (2012: Nil).

17 RESTRICTED CASH, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Denominated in – RMB	8,386,663	5,019,310	723	719
Denominated in – HKD	23,349	225,733	1,487	3,574
Denominated in – USD	296,144	107,243	283,156	97,913
	8,706,156	5,352,286	285,366	102,206
Less: Restricted cash (note 16)	(1,676,463)	(669,784)	–	–
Less: Short-term bank deposits	(263,723)	–	–	–
Cash and cash equivalents	6,765,970	4,682,502	285,366	102,206

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18 SHARE CAPITAL AND SHARE PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:						
Ordinary share of HK\$0.10 each						
As at 1 January 2012,						
31 December 2012 and 2013		50,000,000,000	5,000,000	4,405,545	–	4,405,545
Issue and fully paid:						
At 1 January 2012		4,905,390,000	490,539	432,210	3,816,563	4,248,773
Exercise of share options	(a)	450,000	45	36	963	999
As at 31 December 2012		4,905,840,000	490,584	432,246	3,817,526	4,249,772
At 1 January 2013		4,905,840,000	490,584	432,246	3,817,526	4,249,772
Exercise of share options	(b)	23,675,000	2,368	1,893	44,263	46,156
As at 31 December 2013		4,929,515,000	492,952	434,139	3,861,789	4,295,928

Notes:

- (a) For the year ended 31 December 2012, 450,000 shares were issued upon exercise of share options. Total proceeds were HK\$899,000 (equivalent to approximately RMB735,000). The weighted average share price at the time of exercise was HK\$2.41 per share. The related transactions costs were deducted from the proceeds received.
- (b) For the year ended 31 December 2013, 23,675,000 shares were issued upon exercise of share options. Total proceeds were HK\$41,507,000 (equivalent to approximately RMB33,212,000). The weighted average share price at the time of exercise was HK\$2.38 per share. The related transactions costs were deducted from the proceeds received.

19 RESERVES (Continued)

	Company			Total RMB'000
	Share option reserve RMB'000 (note c)	Conversion option reserve RMB'000 (note 21(b))	Retained earnings RMB'000	
Balance at 1 January 2012	129,840	220,824	538,098	888,762
Profit for the year	–	–	47,567	47,567
Exercise of share option (note 18(a))	(264)	–	–	(264)
Share-based payments (note c)	57,457	–	–	57,457
Share options lapsed	(54,022)	–	54,022	–
Balance at 31 December 2012 and 1 January 2013	133,011	220,824	639,687	993,522
Profit for the year	–	–	451,239	451,239
Exercise of share option (note 18(b))	(12,944)	–	–	(12,944)
Share-based payments (note c)	34,450	–	–	34,450
Balance at 31 December 2013	154,517	220,824	1,090,926	1,466,267
Representing				
– Proposed final dividend				581,338
– Others				884,929
				1,466,267

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 10% and 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the registered capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the Board of Directors of these foreign investment enterprises.

In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the companies' articles of association, an appropriation to the Statutory Reserves, after net of accumulated losses of previous years, have to be made prior to profit distribution to the investor. The appropriation for the Statutory Reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

For the year ended 31 December 2013, the Board of Directors of the Company's subsidiaries in the PRC, including both local and foreign investment enterprises, appropriated RMB68,293,000 (2012: RMB66,936,000) to the Statutory Reserves.

- (c) Share option reserve represents value of employee services in respect of share options granted under the Pre-IPO Share Option Scheme (note 38(a)) and share option scheme (note 38(b)). All outstanding share options granted under Pre-IPO Share Option Scheme lapsed on 9 December 2012.

20 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB451,239,000 (2012: RMB47,567,000).

21 BORROWINGS

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings – secured (note g)	4,312,000	2,029,250	–	–
Bank borrowings – unsecured	2,624,231	1,928,547	477,090	–
Senior Notes (notes a and f)	9,887,432	5,612,915	9,887,432	5,612,915
Convertible Bonds (note b)	1,377,335	–	1,377,335	–
Senior Secured Guaranteed Bonds (notes c and f)	–	2,012,020	–	2,012,020
Exchangeable Term Loan (notes d and f)	–	674,626	–	674,626
	18,200,998	12,257,358	11,741,857	8,299,561
Borrowings included in current liabilities:				
Bank borrowings – secured (note g)	1,350,250	1,379,500	–	–
Bank borrowings – unsecured	1,758,973	446,225	27,439	–
Other borrowing – secured (notes e and f)	914,535	–	914,535	–
Convertible bonds (note b)	–	1,324,613	–	1,324,613
	4,023,758	3,150,338	941,974	1,324,613
Total borrowings	22,224,756	15,407,696	12,683,831	9,624,174

21 BORROWINGS (Continued)

Notes:

(a) Senior Notes

Movements in Senior Notes are analysed as follows:

	Group and Company							Total RMB'000
	Senior Note 2010	Senior Note 2011	Senior Note 2012	Senior Note January 2013	Senior Note March 2013	Senior Note April 2013		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Carrying amount as at 1 January 2012	2,203,895	1,791,100	–	–	–	–	3,994,995	
Additions	–	–	1,528,155	–	–	–	1,528,155	
Accrued interest (note 27)	308,638	293,773	59,807	–	–	–	662,218	
Coupon payment	(296,803)	(255,865)	–	–	–	–	(552,668)	
Exchange difference	(5,304)	(4,438)	(10,043)	–	–	–	(19,785)	
Carrying amount as at 31 December 2012 and 1 January 2013	2,210,426	1,824,570	1,577,919	–	–	–	5,612,915	
Additions	–	–	–	3,087,096	3,408,892	1,772,319	8,268,307	
Accrued interest (note 27)	98,425	111,200	208,341	317,095	244,040	91,583	1,070,684	
Coupon payment	(147,256)	(141,615)	(200,596)	(158,329)	(150,799)	(61,875)	(860,470)	
Exchange difference	(6,036)	(5,009)	(47,108)	(96,725)	(104,421)	–	(259,299)	
Early redemption premium	26,018	91,524	–	–	–	–	117,542	
Repayment	(2,181,577)	(1,880,670)	–	–	–	–	(4,062,247)	
Carrying amount as at 31 December 2013	–	–	1,538,556	3,149,137	3,397,712	1,802,027	9,887,432	

On 28 April 2010, the Company issued 13.5% senior note due 2015 in an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,389,205,000) at 100% of face value (the "Senior Note 2010"). On 14 June 2011, the Company issued additional 13.5% senior note due 2015 in an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB1,944,000,000) at 100% of face value (the "Senior Note 2011"). These notes were fully repaid during the year ended 31 December 2013 (note f).

On 18 September 2012, the Company issued additional 12.875% senior note due 2017 in an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,581,225,000) at 100% of face value (the "Senior Note 2012").

On 8 January 2013, the Company issued additional 10.25% senior note due 2020 in an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,142,750,000) at 100% of face value (the "Senior Note January 2013"). The net proceeds were used to redeem the Exchangeable Term Loan and Senior Secured Guaranteed Bonds (note f).

On 19 March 2013, the Company issued additional 8.875% senior note due 2018 in an aggregate principal amount of US\$550,000,000 (equivalent to approximately RMB3,457,025,000) at 100% of face value (the "Senior Note March 2013"). The net proceeds were used to redeem part of the Senior Note 2010 and Senior Note 2011 (note f).

On 22 April 2013, the Company issued additional 6.875% senior note due 2016 in an aggregate principal amount of RMB1,800,000,000 at 100% of face value (the "Senior Note April 2013"). The net proceeds were used to redeem the remaining outstanding of the Senior Note 2010 and Senior Note 2011 (note f).

Senior Note 2010, Senior Note 2011, Senior Note 2012, Senior Note January 2013, Senior Note March 2013 and Senior Note April 2013 are collectively referred to as the "Senior Notes".

21 BORROWINGS (Continued)

Notes: (Continued)

(a) Senior Notes (Continued)

The net proceeds, after deducting the transaction costs, of Senior Notes are as follows:

	Senior Note 2010 RMB'000	Senior Note 2011 RMB'000	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000
Nominal value	2,389,205	1,944,000	1,581,225	3,142,750	3,457,025	1,800,000
Less: transaction costs	(55,698)	(163,215)	(53,070)	(55,654)	(48,133)	(27,681)
Net proceeds	2,333,507	1,780,785	1,528,155	3,087,096	3,408,892	1,772,319

The Senior Notes are listed on the Singapore Exchange Securities Trading Limited.

The Senior Notes are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

(b) Convertible Bonds

On 20 December 2010, the Company issued RMB denominated US\$ settled 8.0% convertible bonds (the "Convertible Bonds"), of an initial principal amount of RMB1,500,000,000 (equivalent to approximately US\$225,000,000).

At the option of bond holders, the aggregate amount of RMB1,500,000,000 will be convertible into fully paid shares with a par value of HK\$0.1 each of the Company. The Convertible Bonds will mature in five years (December 2015) from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 30 January 2011 at an initial conversion price of HK\$2.82 per share at a fixed exchange rate of RMB1.00 to HK\$1.1656. In addition, at the option of the Group or the bondholders, all outstanding principal of the Convertible Bonds can be redeemed on 20 December 2013. The Convertible Bonds was partially redeemed on 20 December 2013 and the remaining amount was classified as non-current liabilities.

The Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

The Convertible Bonds are secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in reserves (note 19).

The value of the liability component of RMB1,231,967,000 and the equity conversion component of RMB220,824,000, net of transaction cost of RMB47,209,000, were determined at issuance of the Convertible Bonds.

The Convertible Bonds recognized in the balance sheet is calculated as follows:

	RMB'000
Face value of the Convertible Bond on date of issue	1,500,000
Less: Equity component	(220,824)
Transaction costs	(47,209)
Liability component on initial recognition	1,231,967

21 BORROWINGS (Continued)

Notes: (Continued)

(b) Convertible Bonds (Continued)

	2013 RMB'000	2012 RMB'000
Carrying amount as at 1 January	1,324,613	1,277,876
Accrued interest (note 27)	174,588	168,737
Coupon payment	(121,666)	(122,000)
Redemption	(200)	–
Carrying amount as at 31 December	1,377,335	1,324,613

Interest expenses on the liability component of the Convertible Bonds are calculated using the effective interest method, applying the effective interest rate of 13.1% per annum to the liability component.

The fair value of the liability component of the Convertible Bonds at 31 December 2013 amounted to RMB1,651,655,000 (2012: RMB1,661,250,000). The fair value is calculated using the market price of the Convertible Bonds on the balance sheet date (or the nearest day of trading) and are within level 1 of the fair value hierarchy.

As at 31 December 2013 and 2012, there was no conversion and RMB200,000 was redeemed during the year ended 31 December 2013 (2012: nil).

(c) Senior Secured Guaranteed Bonds

On 15 March 2011, the Company issued RMB denominated US\$ settled 8.5% Senior Secured Guarantee Bonds due 2014 in an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "Senior Secured Guaranteed Bonds"). The net proceeds, after deducting the direct issuance costs, amounted to approximately RMB1,911,737,000. The Senior Secured Guaranteed Bonds were fully repaid during the year ended 31 December 2013 (note f).

The Senior Secured Guaranteed Bonds were listed on The Singapore Exchange Securities Trading Limited.

The Senior Secured Guaranteed Bonds were secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and were jointly and severally guaranteed by certain subsidiaries of the Group.

The Senior Secured Guaranteed Bonds in the balance sheet were calculated as follows:

	RMB'000
Nominal value	2,000,000
Less: transaction costs	(88,263)
Net proceeds	1,911,737

21 BORROWINGS (Continued)

Notes: (Continued)

(c) Senior Secured Guaranteed Bonds (Continued)

	2013 RMB'000	2012 RMB'000
Carrying amount as at 1 January	2,012,020	1,983,234
Accrued interest (note 27)	4,991	201,619
Coupon payment	(55,250)	(172,833)
Early redemption premium (note f)	38,239	–
Repayment (note f)	(2,000,000)	–
Carrying amount as at 31 December	–	2,012,020

(d) Exchangeable Term Loan

On 23 May 2012, the Company entered into a US\$120,000,000 (equivalent to approximately RMB758,988,000) term loan with conversion options with an independent third party (the "Exchangeable Term Loan"). The maturity date of the Exchangeable Term Loan is 27 months after the drawdown date, which is 24 August 2014. The Exchange Term Loan was fully repaid during the year ended 31 December 2013 (note f).

The net proceeds received from the Exchangeable Term Loan have been split between a financial derivative component and a liability component as follows:

- (i) The financial derivative component represents the fair value of conversion feature of the Exchangeable Term Loan as at issuance date, which is determined using the binomial model. The agreement allows the lender to have the option to convert the outstanding loan into equity interests of certain subsidiaries of the Company on 24 May 2014, three months before the maturity date of the Exchangeable Term Loan.

The financial derivative is classified as a financial liability at fair value through profit or loss and subsequently carried at fair value.

- (ii) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded options derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 22.5% per annum to the liability component since the loan was issued. Interest of 13.5% per annum is payable semiannually in accordance with the agreement.

The value of the liability component of approximately RMB642,632,000 and the financial derivative component of approximately RMB114,357,000, net of transaction cost of US\$316,000 (equivalent to approximately RMB1,999,000), were determined at issuance of the Exchangeable Term Loan.

The Exchangeable Term Loan was guaranteed by the Group's subsidiaries incorporated outside of the PRC jointly and severally.

The Exchangeable Term Loan recognized in the balance sheet is calculated as follows:

	RMB'000
Face value of the Exchangeable Term Loan on date of issue	758,988
Less: Financial derivative component	(114,357)
Transaction costs	(1,999)
Liability component on initial recognition	642,632

21 BORROWINGS (Continued)

Notes: (Continued)

(d) Exchangeable Term Loan (Continued)

	Liability Component RMB'000	Derivative Component RMB'000
Carrying amount as at issue date	642,632	114,357
Accrued interest (note 27)	87,804	–
Coupon payment	(51,784)	–
Change in fair value	–	(54,710)
Exchange difference	(4,026)	(563)
Carrying amount as at 31 December 2012	674,626	59,084
Carrying amount as at 1 January 2013	674,626	59,084
Accrued interest (note 27)	3,256	–
Coupon payment	(13,576)	–
Early repayment premium (note f)	89,954	(59,084)
Repayment (note f)	(754,260)	–
Carrying amount as at 31 December 2013	–	–

(e) Other borrowing

On 13 November 2013, the Company entered into an agreement in connection with a US\$200,000,000 (equivalent to approximately RMB1,219,380,000) term loan with an independent third party. The loan bears interest at the rate of 14% per annum, payable on 31 December 2013 for part of the outstanding principal amount and on the final repayment date for the then outstanding principal amount. The borrowing has a final repayment date of 13 November 2014, or 13 November 2015 if mutually agreed between the parties, and is repayable in two installments and in the amounts as follows: (i) on 31 December 2013 (or such other date as mutually agreed between the parties), certain part of the principal amount of loan outstanding; and (ii) on the final repayment date, the principal amount of loan then outstanding. The borrowing was fully repaid subsequently in January 2014.

The other borrowing is secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and is jointly and severally guaranteed by certain subsidiaries of the Group.

The other borrowing in the balance sheet is calculated as follows:

	RMB'000
Carrying amount as at issue date	1,219,380
Repayment	(304,845)
Carrying amount as at 31 December 2013	914,535

21 BORROWINGS (Continued)

Notes: (Continued)

(f) Borrowings refinancing

On 13 January 2013, the Company repaid the outstanding Exchangeable Term Loan in full and redeemed the Senior Secured Guaranteed Bonds in full at redemption price equal to 100% of the principal amount of aforesaid borrowings outstanding thereof which were US\$120,000,000 (equivalent to RMB754,260,000) and RMB2,000,000,000, the accrued and unpaid coupon were US\$2,160,000 (equivalent to RMB13,576,000), and RMB55,250,000 for the Exchangeable Term Loan and the Senior Secured Guaranteed Bonds, respectively, and the applicable premium to the holders of the Exchangeable Term Loan of was US\$9,576,000 (equivalent to RMB60,190,000).

On 28 April 2013, the Company redeemed part of the outstanding Senior Note 2010 and Senior Note 2011 at redemption price equal 100% of the principal amount of Senior Note 2010 and Senior Note 2011 thereof which were US\$388,000,000 (equivalent to RMB2,432,333,000), the accrued and unpaid coupon were US\$43,740,000 (equivalent to RMB274,201,000), and the applicable premium to the bondholders were US\$26,190,000 (equivalent to RMB164,182,000).

On 22 May 2013, the Company redeemed the remaining outstanding Senior Note 2010 and Senior Note 2011 at redemption price equal to 100% of the principal amount of the Senior Note 2010 and Senior Note 2011 thereof which was US\$260,000,000 (equivalent to RMB1,629,914,000), the accrued and unpaid coupon were US\$2,340,000 (equivalent to RMB14,669,000), and the applicable premium to the bondholders was US\$17,550,000 (equivalent to RMB110,019,000).

The premium for such redemptions amounting to RMB521,042,000 was recognized in finance costs (note 27).

(g) The Group's bank borrowings of RMB5,662,250,000 (2012: RMB3,408,750,000) were jointly secured by certain properties, investment properties, land use rights, properties under development and properties held for sale of the Group (notes 6, 7, 8, 10 and 11).

(h) Bank borrowings are guaranteed by:

	2013 RMB'000	2012 RMB'000
Group companies		
– Secured	4,352,250	3,126,000
– Unsecured	4,371,204	2,374,771
	8,723,454	5,500,771

21 BORROWINGS (Continued)

Notes: (Continued)

- (i) The exposure of the Group's and the Company's borrowings to interest-rate changes and the contractual repricing dates or maturity date, whichever is earlier, are as follows:

	6 months or less RMB'000	6-12 months RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group					
Borrowings included in non-current liabilities:					
At 31 December 2013	2,350,231	3,506,000	8,495,630	3,849,137	18,200,998
At 31 December 2012	1,428,546	2,179,250	8,649,562	–	12,257,358
Borrowings included in current liabilities:					
At 31 December 2013	2,030,973	1,992,785	–	–	4,023,758
At 31 December 2012	823,135	2,327,203	–	–	3,150,338
Company					
Borrowings included in non-current liabilities:					
At 31 December 2013	477,089	–	8,115,630	3,149,138	11,741,857
At 31 December 2012	–	–	8,299,561	–	8,299,561
Borrowings included in current liabilities:					
At 31 December 2013	27,439	914,535	–	–	941,974
At 31 December 2012	–	1,324,613	–	–	1,324,613

- (j) The maturity of the borrowings included in non-current liabilities is as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Between 1 and 2 years	3,547,677	5,294,956	1,512,427	2,686,646
Between 2 and 5 years	9,868,334	6,477,902	7,080,292	5,612,915
Over 5 years	4,784,987	484,500	3,149,138	–
	18,200,998	12,257,358	11,741,857	8,299,561

21 BORROWINGS (Continued)

Notes: (Continued)

(k) The effective interest rates at each of the balance sheet dates were as follows:

	Group		Company	
	2013	2012	2013	2012
Bank borrowings, included in non-current liabilities	6.7%	6.5%	5.0%	—
Bank borrowings, included in current liabilities	7.5%	9.6%	5.0%	—
Senior Notes 2010	—	14.1%	—	14.1%
Senior Notes 2011	—	16.5%	—	16.5%
Senior Notes 2012	13.8%	13.8%	13.8%	13.8%
Senior Notes January 2013	10.6%	—	10.6%	—
Senior Notes March 2013	9.2%	—	9.2%	—
Senior Notes April 2013	7.5%	—	7.5%	—
Convertible Bonds	13.1%	13.1%	13.1%	13.1%
Senior Secured Guaranteed Bonds	—	10.4%	—	10.4%
Exchangeable Term Loan	—	22.5%	—	22.5%
Other borrowing	14.0%	—	14.0%	—

- (l) The carrying amounts of the Group's borrowings are denominated in RMB except for Senior Notes, Exchangeable Term Loan, other borrowing and bank borrowings of RMB854,176,000 (2012: RMB983,681,000) and bank borrowings of RMB504,529,000 (2012: nil), which are denominated in USD and HKD respectively. The fair value are based on cash flow discounted using a rate on the borrowing rates as stated above and are within level 2 of the fair value hierarchy.
- (m) On 13 January 2014, subsequent to the year ended 31 December 2013, the Company issued additional Senior Note March 2013 in an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,524,225,000) at 101% of face value and used the net proceeds to refinance existing borrowings, finance existing and new property projects and for general corporate purposes.

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority. The offset amounts are as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	87,701	98,796
– to be recovered within 12 months	109,859	110,145
	197,560	208,941
Deferred income tax liabilities:		
– to be settled after more than 12 months	(1,300,266)	(1,143,247)
The net movement on the deferred income tax is as follows:		
Beginning of the year	(934,306)	(973,814)
Recognized in the consolidated statement of comprehensive income (note 30)	(168,400)	39,508
End of the year	(1,102,706)	(934,306)

The movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

Deferred income tax assets:

	Group Tax losses RMB'000
At 1 January 2012	105,601
Credited to the consolidated statement of comprehensive income	164,777
At 31 December 2012 and 1 January 2013	270,378
Credited to the consolidated statement of comprehensive income	13,778
At 31 December 2013	284,156

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognize tax losses amounting to RMB1,974,793,000 (2012: RMB830,232,000) that can be carried forward against future taxable income. These tax losses have no expiry date except that approximately RMB1,697,042,000 (2012: RMB675,588,000) will expiry from 2014 to 2018.

22 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities:

	Group Revaluation arising from investment properties RMB'000
At 1 January 2012	1,079,415
Charged to the consolidated statement of comprehensive income	125,269
At 31 December 2012 and 1 January 2013	1,204,684
Charged to the consolidated statement of comprehensive income	182,178
At 31 December 2013	1,386,862

At 31 December 2013, the unrecognized deferred income tax liabilities were RMB376,276,000 (2012: RMB294,232,000), relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, as the directors consider that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these PRC subsidiaries as at 31 December 2013 amounted to RMB7,525,520,000 (2012: RMB5,884,645,000).

23 ADVANCE PROCEEDS RECEIVED FROM CUSTOMERS AND DEPOSITS RECEIVED

The balances represent advance proceeds received from customers and deposits received. The amount of RMB16,369,710,000 (2012: RMB13,878,568,000) represents deposits and installments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities. The amount of RMB13,269,230,000 (2012: RMB3,365,279,000) represents deposits received from independent third parties and non-controlling interests of project companies on a number of individual property projects of which the pre-sales certificates have yet to be issued by the respective local government authorities at the time the agreements entered into and certain project companies of the Group have subsequently received the pre-sales certificates from the respective local government authorities. The balances mainly consist of:

- (1) Deposits of RMB9,311,951,000 (2012: RMB1,300,000,000) received from sixteen (2012: two) independent third parties for purchasing property units of sixteen (2012: three) different projects at certain discounts on the sale price which will be determined upon purchase. Should the independent third parties do not proceed with the purchase, the deposits are refundable within a specified period of time according to the agreement.
- (2) Deposits of RMB460,824,000 (2012: RMB490,824,000) received from an independent third party for purchasing properties at a pre-determined price upon purchases. Should the independent third party does not proceed with the purchase, the deposits are refundable within 3 years from 20 August 2012, the date of deposits received, according to the agreement.
- (3) Deposits of RMB3,496,455,000 (2012: RMB1,574,455,000) received from three non-controlling interest parties (2012: one) of three project companies (2012: one) for purchasing properties at a price reference to market which will be determined upon purchases. Should the non-controlling interests do not proceed with the purchase, the deposits are refundable within a specified period of time according to the agreements.

24 OTHER PAYABLES

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Other payables and accruals (note a)	1,379,913	1,209,797	33,838	9,904
Note payables	204,019	208,367	–	–
Consideration payable related to purchase of subsidiaries	118,808	170,808	–	–
Other taxes payables	274,725	108,419	–	–
	1,977,465	1,697,391	33,838	9,904

Notes:

- (a) The amount included a balance of RMB492,710,000 in 2012 representing the deposit received for project development from an independent third party for the potential acquisition of a piece of land in the PRC and the amount was fully repaid during the year ended 31 December 2013.
- (b) The carrying amounts of other payables are denominated in RMB and approximate to their fair value.

25 OTHER (LOSSES)/GAINS – NET

	2013 RMB'000	2012 RMB'000
Forfeited customer deposits	5,618	3,357
Consultation service income	–	20,291
Compensation for termination of proposed development projects	64,905	–
Gain on disposal of an associate	–	242,861
Write down of completed properties held for sale and provisions for properties under development	(206,344)	(41,210)
Government subsidy income	49,933	–
Others	1,597	752
	(84,291)	226,051

26 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2013 RMB'000	2012 RMB'000
Auditor's remuneration	4,793	5,000
Advertising and other promotional costs	576,735	372,426
Agency fee	49,342	48,861
Business taxes (note)	902,424	538,426
Cost of properties sold	11,809,099	7,358,403
Depreciation (note 6)	68,547	41,942
Amortisation of land use rights (note 8)	5,222	1,504
Donations	55,607	17,789
Legal and professional fees	48,115	33,139
Operating lease rental	30,193	27,343
Staff costs – including directors' emoluments (note 28)	538,328	507,543
Office expenses	120,872	89,052
Travelling	24,279	26,265
Others	503,552	398,609
	14,737,108	9,466,302

Note:

The PRC companies comprising the Group are subject to business taxes on their revenues at the following rates:

Category	Rate
Sales of properties	5%
Rental income	5%
Property management services	5%
Hotel and catering operations	5%

27 FINANCE COSTS – NET

	2013 RMB'000	2012 RMB'000
Finance income:		
Interest income on bank deposits	37,570	21,964
Net exchange gains	279,949	15,847
	317,519	37,811
Finance costs:		
Interest expense:		
– Bank borrowings	823,082	521,352
– Senior Notes (note 21)	1,070,684	662,218
– Convertible Bonds (note 21)	174,588	168,737
– Senior Secured Guaranteed Bonds (note 21)	4,991	201,619
– Exchangeable Term Loan (note 21)	3,256	87,804
– Other borrowing	12,415	–
Early redemption premium of debts	521,042	–
Total interest expense	2,610,058	1,641,730
Less: interest capitalised (note)	(1,966,580)	(1,603,229)
	643,478	38,501
Finance costs – net	(325,959)	(690)

Note: The capitalisation rate of borrowings is 8.85% (2012: 10.41%) for the year.

28 STAFF COSTS – INCLUDING DIRECTORS' EMOLUMENTS

	2013 RMB'000	2012 RMB'000
Wages and salaries	404,537	374,551
Pension costs – statutory pension	26,191	21,338
Medical benefits	11,143	9,537
Share-based payments	34,450	57,457
Other allowances and benefits	62,007	44,660
	538,328	507,543

29 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' emoluments

Details of emoluments paid to each director for the year ended 31 December 2013 are as follows:

Name of director	Year ended 31 December 2013						
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Other benefits RMB'000	Contribution to pension scheme RMB'000	Share option benefits RMB'000 (note vi)	Total RMB'000
Mr. Chen Gengxian	–	2,009	–	32	24	2,409	4,474
Ms. Chen Shaohuan (note i)	–	2	–	–	–	–	2
Mr. Fok Hei Yu	–	236	–	–	–	140	376
Mr. Jin Zhigang (note ii)	–	1,604	–	32	24	1,970	3,630
Mr. Kwok Ying Shing	–	3,302	–	–	12	–	3,314
Mr. Kwok Ying Chi	–	1,926	–	–	12	–	1,938
Mr. Rao Yong	–	236	–	–	–	120	356
Mr. Sun Yuenan	–	1,463	–	32	36	2,409	3,940
Dr. Tam Lai Ling	4,717	–	1,494	75	12	3,614	9,912
Mr. Zhang Yizhao	–	236	–	–	–	120	356
	4,717	11,014	1,494	171	120	10,782	28,298

29 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' emoluments (Continued)

Details of emoluments paid to each director for the year ended 31 December 2012 are as follows:

Name of director	Year ended 31 December 2012						
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Other benefits RMB'000	Contribution to pension scheme RMB'000	Share option benefits RMB'000 (note vi)	Total RMB'000
Mr. Chen Gengxian	–	2,147	–	30	29	2,613	4,819
Mr. Fok Hei Yu	–	244	–	–	–	165	409
Mr. Han Zhenjie (note iii)	–	1,896	–	30	29	970	2,925
Dr. Huang Chuanqi (note iv)	536	–	–	5	1	1,495	2,037
Mr. Jin Zhigang (note ii)	–	1,521	–	30	17	1,858	3,426
Mr. Ji Jiaming (note v)	–	1,842	–	–	–	1,239	3,081
Mr. Kwok Ying Shing	–	3,414	–	–	11	–	3,425
Mr. Kwok Ying Chi	–	1,805	–	–	11	–	1,816
Mr. Rao Yong	–	244	–	–	–	131	375
Mr. Sun Yuenan	–	1,483	–	30	29	2,613	4,155
Dr. Tam Lai Ling	3,252	–	1,919	78	11	4,754	10,014
Mr. Zhang Yizhao	–	244	–	–	–	131	375
	3,788	14,840	1,919	203	138	15,969	36,857

Notes:

- (i) Appointed on 26 December 2013.
- (ii) Appointed on 8 February 2012 and is the chief executive officer of the Group.
- (iii) Resigned on 24 December 2012.
- (iv) Resigned on 8 February 2012.
- (v) Appointed on 5 June 2012 and resigned on 24 December 2012.
- (vi) Share option benefits represent fair value of share options granted to the relevant director which was charged to the consolidated statement of comprehensive income in accordance with HKFRS 2.

29 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included 4 directors (2012: 5), whose emoluments are reflected in note (a) above. The emoluments for the remaining 1 (2012: nil) individual are as follows:

	2013 RMB'000
Salaries and other benefits	3,120
Contribution to pension schemes	17
Share option benefits	1,610
	4,747

The emoluments of the five highest paid individuals fell within the following bands:

	2013	2012
HK\$4,000,001 to HK\$4,500,000	–	2
HK\$4,500,001 to HK\$5,000,000	1	–
HK\$5,000,001 to HK\$5,500,000	1	1
HK\$5,500,001 to HK\$6,000,000	1	1
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$12,000,001 to HK\$12,500,000	–	1
HK\$12,500,001 to HK\$13,000,000	1	–
	5	5

During the years ended 31 December 2013 and 2012, none of the above individuals has received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office; none of the above individuals has waived or has agreed to waive any emoluments.

30 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2012: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the years ended 31 December 2013 and 2012 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

30 INCOME TAX EXPENSES (Continued)

PRC land appreciation tax

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 lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax.

	2013 RMB'000	2012 RMB'000
Current income tax		
– PRC enterprise income tax	1,671,698	974,782
– PRC land appreciation tax	453,404	224,718
Overprovision in prior years		
– PRC land appreciation tax	(289)	(6,767)
Deferred income tax (note 22)	168,400	(39,508)
	2,293,213	1,153,225

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	2013 RMB'000	2012 RMB'000
Profit before income tax	5,155,860	3,269,402
Add: Share of losses from an associate	–	462
	5,155,860	3,269,864
Calculated at PRC foreign enterprise income tax rate of 25% (2012: 25%)	1,288,965	817,466
Effect of different income tax rates of certain companies	161,970	(21,917)
Effect of change in income tax rates of certain companies	–	(299)
Income not subject to tax	(85,855)	(19,126)
Expenses not deductible for tax purposes	194,699	33,486
Tax losses not recognized	280,319	125,664
	1,840,098	935,274
PRC land appreciation tax	453,115	217,951
	2,293,213	1,153,225

31 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to equity holders (RMB'000)	2,857,449	2,072,219
Weighted average number of ordinary shares in issue	4,916,125,011	4,905,400,683
Basic earnings per share (RMB)	0.581	0.422

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of RMB2,857,449,000 (2012: RMB2,072,219,000) and the weighted average of 4,916,125,011 shares (2012: 4,905,400,683 shares) in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2013, the Company has the Convertible Bonds and share options (2012: the Company has the Convertible Bonds) that have dilutive potential ordinary shares. The Convertible Bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options.

	2013	2012
Profit attributable to equity holders (RMB'000)	2,857,449	2,072,219
Adjustment for finance cost on Convertible Bonds (RMB'000)	149,065	168,737
Profit used to determine diluted earnings per share (RMB'000)	3,006,514	2,240,956
Weighted average number of ordinary shares in issue	4,916,125,011	4,905,400,683
– Adjustment for Convertible Bonds	619,917,333	620,000,000
– Adjustment for share options (Note)	97,543,200	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	5,633,585,544	5,525,400,683
Diluted earnings per share (RMB)	0.534	0.406

Note: For the year ended 31 December 2012, the share options are anti-dilutive.

32 CASH GENERATED FROM OPERATIONS

	2013 RMB'000	2012 RMB'000
Profit for the year	2,862,647	2,116,177
Adjustments for:		
Income tax expenses (note 30)	2,293,213	1,153,225
Interest income (note 27)	(37,570)	(21,964)
Interest expense (note 27)	643,478	38,501
Net exchange gains	(279,949)	(27,948)
Depreciation (note 6)	68,547	41,942
Amortisation (note 8)	5,222	1,504
Share of result for an associate	–	462
Gain on disposal of an associate	–	(242,861)
Loss on disposal of property and equipment (note)	1,228	296
Share-based payments	34,450	57,457
Change in fair value of investment properties	(728,712)	(501,075)
Change in fair value of financial derivative	(51,450)	(54,710)
Write down of completed properties held for sale and provisions for properties under development	206,344	41,210
Changes in working capital:		
Properties under development and completed properties held for sale	(14,711,837)	(9,113,841)
Debtors, deposits and other receivables	(936,857)	(532,574)
Deposits for land acquisition	(1,643,248)	(1,340,508)
Prepayments for proposed development projects	(366,791)	(693,088)
Restricted cash	(1,006,679)	(128,754)
Advanced proceeds and deposits received	12,395,093	10,001,984
Accrued construction costs	2,606,023	140,420
Other payables	325,844	264,382
Amounts due to non-controlling interests of subsidiaries	(381,106)	448,422
Cash generated from operations	1,297,890	1,648,659

Note:

Loss on disposal of property and equipment are as follows:

	2013 RMB'000	2012 RMB'000
Net book amount disposed	3,290	759
Proceeds received	(2,062)	(463)
Loss on disposals	1,228	296

33 DIVIDEND

A dividend in respect of the year ended 31 December 2013 of Hong Kong dollars 15 cents per share, amounting to a total dividend approximately of HK\$739,427,000 (equivalent to RMB581,338,000), is to be proposed at the annual general meeting on 31 March 2014. These financial statements do not reflect this dividend payable.

	2013 RMB'000	2012 RMB'000
Proposed final dividend of Hong Kong dollars 15 cents (2012: nil) per ordinary share	581,338	—

34 FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at 31 December 2013 and 2012:

	2013 RMB'000	2012 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the property units	9,856,673	6,786,174

The guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

35 COMMITMENTS

(a) Commitments for property development expenditures

	2013 RMB'000	2012 RMB'000
Contracted but not provided for	21,504,675	20,922,726

Note:

The amount represented capital commitments for land use rights, prepayments for proposed development contracts and construction contracts.

35 COMMITMENTS (Continued)

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2013 RMB'000	2012 RMB'000
Not later than one year	26,119	30,926
Later than one year and not later than five years	17,127	14,796
Later than five years	1,297	–
	44,543	45,722

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	2013 RMB'000	2012 RMB'000
Not later than one year	144,122	141,392
Later than one year and not later than five years	323,723	361,690
Later than five years	242,796	321,631
	710,641	824,713

36 ACQUISITIONS

(a) Acquisition of additional interests in a subsidiary

Prior to the acquisition, the Group held 60% equity interest in Hunan Mingtai Zhiye Development Co., Ltd.. In 2013, the Group acquired the remaining 40% equity interest of Hunan Mingtai Zhiye Development Co., Ltd. with a cash consideration of RMB48,000,000. The company did not operate any business prior to the acquisitions and only held a piece of land and properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognized as adjustments to the carrying value of the land and properties under development.

Prior to the acquisition, the Group held 60% equity interest in Bakai Investments Limited. On 13 January 2012, the Group acquired the remaining 40% equity interest of Bakai Investments Limited with a cash consideration of US\$4,000 (equivalent to approximately RMB26,000). There are no difference between the purchase consideration paid and the 40% of net assets value of Bakai Investments Limited acquired.

36 ACQUISITIONS (Continued)

(b) Acquisitions of subsidiaries

For the year ended 31 December 2013, the Group acquired controlling equity interests of several subsidiaries at a total consideration of approximately RMB2,246,857,000 (2012: RMB886,000,000). These companies did not operate any business prior to the acquisitions and only had prepayments for proposed development projects and deposits for land acquisition. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognized as adjustments to the carrying value of the prepayments for proposed development projects and deposits for land acquisition.

The considerations of all these transactions were based on the fair value of the assets acquired.

The assets and liabilities arising from the acquisitions are as follows:

	2013 RMB'000	2012 RMB'000
Property and equipment	2	–
Properties under development	–	829,636
Debtors, deposits and other receivables	5,993	29,915
Prepayments for proposed development projects	38,600	–
Deposits for land acquisition	4,556,640	–
Cash and cash equivalents	255,699	2,712
Other payables	(6,230)	(44,300)
Net assets	4,850,704	817,963
Less: non-controlling interests	(2,615,000)	(18,484)
Net assets acquired	2,235,704	799,479
Purchase consideration settled in cash	2,246,857	834,000
Cash and bank balances in subsidiaries acquired	(255,699)	(2,712)
Cash outflow on acquisitions	1,991,158	831,288
Total purchase consideration:		
– Cash paid during the year	2,246,857	834,000
– Payable	–	52,000
Net book value of net assets acquired shown as above	2,246,857 (2,235,704)	886,000 (799,479)
Adjustments to the carrying amount of deposits for land acquisition and prepayments for proposed development projects	11,153	86,521

37 DISPOSALS OF SUBSIDIARIES

(a) Partial disposal of interest in subsidiaries without loss of control

For the year ended 31 December 2013, the Group partially disposed of its issued share capital of certain subsidiaries, at a total consideration of RMB36,100,000 to certain independent third parties. As such, the Group recognized an increase in non-controlling interests of RMB35,872,000 and an increase in capital reserve of RMB228,000.

For the year ended 31 December 2012, the Group disposed of its 49% issued share capital of a formerly wholly-owned subsidiary, at a consideration of RMB400,000,000 to an independent third party. As such, the Group recognized an increase in non-controlling interests of RMB203,497,000 and an increase in capital reserve of RMB196,503,000.

(b) Disposal of interest in subsidiaries

For the year ended 31 December 2013, the Group disposed of its entire issued share capital of certain subsidiaries. Certain of these companies solely held prepayments for proposed development projects or completed properties held for sale in the PRC. These companies did not operate any business prior to the disposal and only held assets. Therefore, the Group regarded this disposal as sales of properties and its related net cash inflow of RMB3,209,880,000 as cash generated from operations.

For the year ended 31 December 2012, the Group disposed of its entire issued share capital of certain subsidiaries. Certain of these companies solely held prepayments for proposed development projects, properties under development or completed properties held for sale in the PRC. These companies did not operate any business prior to the disposal and only held assets. Therefore, the Group regarded this disposal as sales of properties and its related net cash inflow of RMB1,936,100,000 as cash generated from operations.

(c) Deemed disposal of interest in subsidiaries without loss of control

For the year ended 31 December 2013, certain independent third parties have injected capital into certain subsidiaries of the Group for a total consideration of RMB670,000,000. As a result, the Group's shareholdings of these subsidiaries were diluted but without loss of the control. The difference of RMB22,045,000 between the carrying amounts of non-controlling interests deemed disposed of and the capital injected was credited as capital reserve in the equity.

For the year ended 31 December 2012, three independent third parties have injected capital into three subsidiaries of the Group for a total consideration of RMB565,545,000. As a result, the Group's shareholdings of these subsidiaries were diluted but without loss of the control. The difference of RMB104,950,000 between the carrying amounts of non-controlling interests deemed disposed of and the capital injected was credited as capital reserve in the equity.

(d) Effects of transactions with non-controlling interests on the equity attributable to equity holders of the Company

	2013 RMB'000	2012 RMB'000
Changes in equity attributable to equity holders of the Company arising from:		
– Partial disposal of subsidiaries without loss of control	228	196,503
– Deemed disposal of subsidiaries without loss of control	22,045	104,950
Net effect for transactions with non-controlling interests on equity attributable to owners of the Company	22,273	301,453

38 SHARE OPTION

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009 for adoption of the Pre-IPO Share Option Scheme, options to subscribe for a total of 50,000,000 ordinary shares of the Company have been conditionally granted to 52 eligible participants including directors and selected employees of the Company. The exercise price of HK\$3.105 per share under the Pre-IPO Share Option Scheme is determined at a 10% discount to the global offering price, which was HK\$3.45 per share, excluding brokerage, Securities and Futures Commission transaction levy and the Hong Kong Stock Exchange trading fee.

The share options may be exercised in the following manner: (i) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ended 31 December 2009 and ended on 9 December 2012; (ii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ended 31 December 2011 and ended on 9 December 2012; and (iii) up to one-third of the options granted to a grantee less the number of options that has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the second business day after the publication of the audited financial statements of the Company for the year ended 31 December 2011 and ended on 9 December 2012. Exercise of options is conditional upon the achievement of the profit target as may be determined by the Board. The Group has no obligation to repurchase or settle the options in cash. All these outstanding options were fully expired on 9 December 2012.

Details of the movement of the share options under Pre-IPO Share Option Scheme are as follows:

	2013		2012	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	–	–	3.105	35,450,000
Lapsed during the year	–	–	3.105	(35,450,000)
At 31 December	–	–	3.105	–

The fair value of the options granted determined using the binomial model was HK\$83,870,000 at the grant date. The significant inputs to the model were share price of HK\$3.45 at the grant date, exercise price of HK\$3.105, volatility of 74%, no expected dividend yield, an expected option life of three years and an annual risk free interest rate of 0.72%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

38 SHARE OPTION (Continued)

(b) Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009, a post-IPO share option scheme (the "Share Option Scheme") was conditionally adopted. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of the Company.

Details of the movement of the share options under Share Option Scheme are as follows:

	2013		2012	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	1.731	467,230,000	2.159	173,650,000
Granted during the year	–	–	1.500	326,790,000
Exercised during the year	1.755	(23,675,000)	2.000	(450,000)
Forfeited during the year	1.612	(56,368,000)	1.691	(32,760,000)
At 31 December	1.747	387,187,000	1.731	467,230,000

As at 31 December 2013, 133,855,000 (2012: 79,010,000) outstanding options granted under the Share Option Scheme were exercisable (note).

38 SHARE OPTION (Continued)

(b) Share Option Scheme (Continued)

Note: Terms of share options at the end of the reporting period were as follows:

Exercise period	Exercise price per share (HK\$)	Number of share options	
		2013	2012
10/6/2010–9/6/2015	3.105	8,250,000	8,250,000
30/3/2011–29/3/2016	3.105	8,250,000	8,250,000
24/4/2012–23/4/2017	3.105	8,500,000	8,500,000
23/7/2011–22/7/2020	2.000	20,800,000	26,940,000
23/7/2012–22/7/2020	2.000	21,520,000	27,070,000
23/7/2013–22/7/2020	2.000	22,450,000	27,230,000
23/7/2014–22/7/2020	2.000	23,110,000	27,230,000
23/7/2015–22/7/2020	2.000	23,110,000	27,230,000
6/6/2013–5/6/2022	1.500	44,085,000	61,306,000
6/6/2014–5/6/2022	1.500	51,778,000	61,306,000
6/6/2015–5/6/2022	1.500	51,778,000	61,306,000
6/6/2016–5/6/2022	1.500	51,778,000	61,306,000
6/6/2017–5/6/2022	1.500	51,778,000	61,306,000
		387,187,000	467,230,000

The Company offered to grant Dr. Tam Lai Ling (the “March 2010 Grant”); and several directors and employees (the “July 2010 Grant”) of 25,000,000 and 179,750,000 share options respectively of HK\$0.10 each in the capital of the Company on 23 March 2010 and 23 July 2010 respectively. During 2012, the Company further offered to grant several directors and employees (the “June 2012 Grant”) of 326,790,000 share options respectively of HK\$0.10 each in the capital of the Company on 6 June 2012. The valuation was based on a Binomial Model with the following data and assumptions:

	March 2010 Grant	July 2010 Grant	June 2012 Grant
Fair value under binomial model	HK\$22,355,000	HK\$142,362,000	HK\$198,688,000
Closing share price at grant date	HK\$2.56	HK\$1.71	HK\$1.39
Exercise price	HK\$3.105	HK\$2.00	HK\$1.50
Annual risk free interest rate	1.82%–2.33%	2.29%	1.04%
Expected option life	5–7 years	10 years	10 years
Expected dividend yield	Nil	Nil	Nil

The volatility of the share price of the Company was determined based on the movement of the share price during the year of grant. The volatility rates were 44% and 40% per annum for 2012 and 2010 respectively.

39 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Loan and receivables				
Debtors, deposits and other receivables, excluding prepayments and prepaid other taxes	2,635,767	1,859,745	2,302	2,214
Deposits for land acquisition	9,662,066	3,462,425	–	–
Restricted cash (note 16)	1,676,463	669,784	–	–
Short-term bank deposits (note 17)	263,723	–	–	–
Cash and cash equivalents (note 17)	6,765,970	4,682,502	285,366	102,206
	21,003,989	10,674,456	287,668	104,420
Assets at fair value through the profit and loss				
Financial derivatives (note 15)	51,450	–	51,450	–
	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Other financial liabilities at amortised cost				
Accrued construction costs	8,020,540	5,414,517	–	–
Other payables, excluding other tax payables	1,702,740	1,588,972	33,838	9,904
Borrowings (note 21)	22,224,756	15,407,696	12,683,831	9,624,174
Amount due to non-controlling interests of subsidiaries	70,793	451,899	–	–
	32,018,829	22,863,084	12,717,669	9,634,078
Liabilities at fair value through the profit and loss				
Financial derivatives	–	59,084	–	59,084

40 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Controlling shareholders

Mr. Kwok Chun Wai and Mr. Kwok Ying Shing

(b) Key management compensation

	2013 RMB'000	2012 RMB'000
Salaries and other short-term employee benefits	29,462	27,217
Retirement scheme contributions	341	257
Share option benefits	19,452	22,026
	49,255	49,500

(c) Purchasing of services

	2013 RMB'000	2012 RMB'000
Rental expense (note)	1,718	1,555

Notes:

This represents payment of rental expense for various office premises to controlling shareholders Mr. Kwok Chun Wai and Mr. Kwok Ying Shing respectively. The rental expense paid during the year was determined at prevailing market rate of respective office premise.

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2013 are set out below:

Established and operate in the PRC, all of which are foreign investment enterprises:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenzhen Naiao Kasia Property Development Co., Ltd. 深圳市南澳佳兆業房地產開發有限公司	15 February 2004	RMB640,000,000	100%	Property development
Kaisa Group (Shenzhen) Co., Ltd. 佳兆業集團(深圳)有限公司	3 June 1999	RMB2,826,160,000	100%	Property development
Kaisa Technology (Shenzhen) Co., Ltd. 佳兆業科技(深圳)有限公司	27 July 2001	HK\$714,000,000	100%	Property development
Leisure Land Hotel Management (Shenzhen) Co., Ltd. 可域酒店管理(深圳)有限公司	23 May 2005	RMB540,000,000	100%	Hotel management
Huizhou Canrong Property Co., Ltd. 惠州燦榮房產有限公司	14 January 1994	HK\$31,878,000	100%	Property development
Kaisa Zhiye (Shenzhen) Co., Ltd. 佳兆業置業發展(深圳)有限公司	26 March 2004	RMB10,000,000	100%	Property development
Zhuzhou Kaisa Zhiye Co., Ltd 株洲佳兆業置業有限公司	13 January 2011	HK\$600,000,000	100%	Property development
Bakai Property Development (Weifang) Co., Ltd 八凱房地產開發(濰坊)有限公司	22 June 2011	USD34,000,000.08	100%	Property development
Leisure Land Hotel Zhiye Management (Suizhong) Co., Ltd 可域酒店置業管理(綏中)有限公司	20 December 2010	HK\$170,000,000	100%	Hotel management

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are foreign investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Zhao Rui Jing Hotel Zhiye Management (Suizhong) Co., Ltd 兆瑞景酒店置業管理(綏中)有限公司	20 December 2010	HK\$68,300,000	100%	Hotel management
Kaisa Tourism Development Co., Ltd 佳兆業旅遊開發有限公司	15 July 2011	HK\$93,600,000	100%	Property development
Kaisa Property (Suizhong) Co., Ltd 佳兆業地產(綏中)有限公司	15 July 2011	HK\$246,500,000	100%	Property development
Wan Tai Chang Property (Anshan) Co., Limited 萬泰昌地產(鞍山)有限公司	16 December 2010	USD10,664,200	100%	Property development
Kaisa Property (Anshan) Co., Ltd. 佳兆業地產(鞍山)有限公司	16 December 2010	USD67,000,000	100%	Property development
Wan Rui Fa Property (Anshan) Co., Ltd 萬瑞發地產(鞍山)有限公司	28 June 2011	USD19,115,864	100%	Property development
Anshan Monarch Residence Property Development Co., Ltd 鞍山君匯上品房地產開發有限公司	28 June 2011	USD24,210,830	100%	Property development
Woodland Height Property (Yingkou) Co., Ltd 桂芳園地產(營口)有限公司	14 December 2010	USD76,580,000	51.68%	Property development
Zhaoruijing Property (Yingkou) Co., Ltd. 兆瑞景地產(營口)有限公司	14 December 2010	USD21,056,200	100%	Property development
Wan Tai Chang Property (Yingkou) Company Limited 萬泰昌地產(營口)有限公司	14 December 2010	USD11,084,500	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are foreign investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Kaisa Property (Yingkou) Co., Ltd. 佳兆業地產(營口)有限公司	14 December 2010	USD36,407,700	100%	Property development
Kasia Real Estate (Benxi) Co., Ltd. 佳兆業地產(本溪)有限公司	7 March 2011	HK\$210,000,000	100%	Property development
Cornwell Holdings (Shenzhen) Co., Ltd 冠華基業實業(深圳)有限公司	23 August 2004	RMB550,000,000	100%	Property development
Kaisa Zhiye (Nanchong) Co., Ltd. 佳兆業置業(南充)有限公司	28 December 2010	RMB850,000,000	100%	Property development
Kaisa Property (Wuhan) Co., Ltd 佳兆業地產(武漢)有限公司	1 July 2011	RMB547,528,247	100%	Property development
Zhuhai Kaisa Property Development Co., Ltd 珠海市佳兆業房地產開發有限公司	9 June 2011	RMB518,000,000	100%	Property development
Anshan Kaisa Commerce Operation Management Co., Ltd 鞍山市佳兆業商業管理有限公司	26 September 2011	USD21,604,026	100%	Commerce management
Hunan Kaisa Zhiye Co., Ltd 湖南佳兆業置業有限公司	14 September 2007	HK\$100,000,000	100%	Property development
Kaisa Zhiye (Nanchong) Co., Ltd. 佳兆業置業(南充)有限公司	28 December 2010	RMB850,000,000	100%	Property development
Jiangyin Xiangrui Property Development Co., Ltd. 江陰香瑞園房地產開發有限公司	2 April 2011	RMB103,610,524	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are foreign investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Kaisa Property (Liaoyang) Co., Ltd. 佳兆業地產(遼陽)有限公司	24 August 2011	USD31,000,000	100%	Property development
Kaisa Property Management Co., Ltd 佳兆業物業管理有限公司	31 December 2012	RMB45,462,149	100%	Property management
Kaisa Xindu Zhiye (Qingdao) Co., Ltd 佳兆業新都置業(青島)有限公司	18 February 2013	USD43,749,900	100%	Property development

Established and operate in the PRC, all of which are local investment enterprises:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Dongguan Yingsheng Property Development Co., Ltd. 東莞市盈盛房地產開發有限公司	3 March 2006	RMB10,000,000	100%	Property development
Shenzhen Jililong Shiye Co., Ltd. 深圳市吉利隆實業有限公司	21 March 1997	RMB12,000,000	100%	Property development
Chengdu Kaisa Property Development Co., Ltd. 成都佳兆業房地產開發有限公司	31 July 2006	RMB10,000,000	100%	Property development
Guangzhou Jinmao Property Development Co., Ltd. 廣州金貿房地產開發有限公司	27 October 2005	RMB202,500,000	100%	Property development
Shenzhen Daye Property Development Co., Ltd. 深圳市大業房地產開發有限公司	26 January 2007	RMB10,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenzhen Longgang Kaisa Property Development Co., Ltd. 深圳市龍崗佳兆業房地產開發有限公司	14 November 2006	RMB204,680,000	100%	Property development
Kaisa Commerce Group Co., Ltd. 佳兆業商業集團有限公司	19 July 2004	RMB401,000,000	100%	Commerce management
Sichuan Kaisa Zhiye Co., Ltd. 四川佳兆業置業有限公司	16 May 2007	RMB10,000,000	100%	Property development
Zhuhai Zhanda Property Development Co., Ltd. 珠海市展大房地產開發有限公司	11 April 1993	RMB50,000,000	100%	Property development
Huizhou Kaisa Property Development Co., Ltd. 惠州市佳兆業房地產開發有限公司	29 January 2007	RMB50,000,000	100%	Property development
Dongguan Kaisa Property Development Co., Ltd. 東莞市佳兆業房地產開發有限公司	6 September 2004	RMB38,000,000	100%	Property development
Chengdu Nanxing Yinji Property Development Co., Ltd. 成都南興銀基房地產開發有限公司	5 November 2004	RMB420,000,000	100%	Property development
Dongguan Kaisa Property Management Co., Ltd. 東莞市佳兆業物業管理有限公司	18 July 2007	RMB2,500,000	100%	Property management
Guangdong Kaisa Property Development Co., Ltd. 廣東佳兆業房地產開發有限公司	12 July 2007	RMB10,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Huizhou Jiabo Property Development Co., Ltd. 惠州市佳博房地產開發有限公司	14 September 2007	RMB1,000,000	100%	Property development
Chengdu Kaisa Investment Co., Ltd. 成都佳兆業投資有限公司	22 June 2007	RMB20,000,000	100%	Property development
Guangzhou Kaisa Commerce Operation Management Co., Ltd. 廣州市佳兆業商業經營管理有限公司	11 October 2007	RMB50,000,000	100%	Commerce management
Shenzhen Xingwoer Shihua Property Development Co., Ltd. 深圳市興沃爾房地產開發有限公司	29 January 1999	RMB10,000,000	100%	Property development
Dongguan Yingtai Property Development Co., Ltd. 東莞市盈泰房地產開發有限公司	4 January 2007	RMB10,000,000	100%	Property development
Chengdu Kaisa Property Management Co. Ltd. 成都市佳兆業物業管理有限公司	30 January 2008	RMB3,000,000	100%	Property management
Jiangyin Taichang Property Development Co., Ltd. 江陰市泰昌房地產開發有限公司	22 November 2007	RMB155,000,000	100%	Property development
Shanghai Xinwan Investment Development Co. Ltd. 上海新灣投資發展有限公司	17 January 2007	RMB35,000,000	100%	Property development
Chengdu Kaisa Commerce Operation Management Co., Ltd. 成都市佳兆業商業經營管理有限公司	29 January 2008	RMB2,000,000	100%	Commerce management

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Huizhou Huasheng Investment Co., Ltd. 惠州市華盛投資有限公司	29 August 2007	RMB60,000,000	100%	Property development
Boluo Kaisa Property Development Co., Ltd. 博羅縣佳兆業房地產開發有限公司	2 June 2008	RMB10,000,000	100%	Property development
Boluo Kaisa Zhiye Co., Ltd. 博羅縣佳兆業置業有限公司	2 June 2008	RMB10,000,000	100%	Property development
Dongguan Yingyan Property Development Co., Ltd. 東莞市盈雁房地產開發有限公司	4 July 2008	RMB10,000,000	80%	Property development
Shenzhen Golden Bay Resort Co., Ltd. 深圳市金沙灣大酒店有限公司	17 June 1997	RMB50,000,000	100%	Hotel management
Shenzhen Tianli'an Industrial Development Co., Ltd. 深圳市天利安實業發展有限公司	4 September 2002	RMB46,000,000	100%	Property development
Boji (Shenzhen) Company Limited 寶吉工藝品(深圳)有限公司	28 December 1988	RMB877,725,000	80%	Property development
Jiangyin Property Development Co., Ltd. 江陰水岸華府房地產開發有限公司	10 December 2010	RMB20,000,000	100%	Property development
Nanchong Kaisa Property Development Co., Ltd. 南充市佳兆業房地產有限公司	10 December 2010	RMB10,000,000	100%	Property development
Jiangyin Juicui Garden Property Development Co., Ltd. 江陰金翠園房地產開發有限公司	22 February 2011	RMB20,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenzhen Woodland Height Shiye Co., Ltd 深圳市桂芳園實業有限公司	13 October 2003	RMB500,000,000	62%	Property development
Shenzhen Yantian Kaisa Property Development Co., Ltd. 深圳市鹽田佳兆業房地產開發 有限公司	19 April 2011	RMB800,000,000	100%	Property development
Hunan Kaisa Property Development Co., Ltd 湖南佳兆業房地產開發有限公司	21 August 2007	RMB220,000,000	100%	Property development
Zhejiang Wufeng Zhiye Co., Ltd. 浙江伍豐置業有限公司	7 January 2010	RMB260,000,000	100%	Property development
Kaisa Dai River East Property Development Co., Ltd 佳兆業東戴河房地產開發有限公司	6 July 2011	RMB50,000,000	100%	Property development
Kaisa Property (Dalian) Co., Ltd 佳兆業地產(大連)有限公司	28 July 2011	RMB10,000,000	100%	Property development
Foshan Shunde Ideal City Real Estate Investment Co., Ltd. 佛山市順德區理想城房地產投資 有限公司	9 October 2010	RMB775,510,000	51%	Property development
Shenzhen Kaisa Commerce Management Co., Ltd. 深圳市佳兆業商業管理有限公司	13 August 2010	RMB10,000,000	100%	Commence management
Huizhou Kaisa Commerce Operation Management Co. Ltd. 惠州市佳兆業商業經營管理 有限公司	7 April 2009	RMB5,000,000	100%	Commerce management

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Dalian Kaisa Commerce Operation Management Co., Ltd 大連市佳兆業商業經營管理有限公司	18 March 2011	RMB20,000,000	100%	Commerce management
Shenzhen Kaisa Cinema Investment Management Co., Ltd 深圳市佳兆業影院投資管理有限公司	13 July 2011	RMB10,000,000	100%	Commerce management
Shenzhen Kaisa Baihuo Co., Ltd 深圳市佳兆業百貨有限公司	13 June 2002	RMB6,000,000	100%	Commerce management
Dongguan City Oasis Garden Property Development Co., Ltd. 東莞市城市綠洲花園房地產開發有限公司	21 October 2011	RMB10,000,000	100%	Property development
Anshan Kaisa Baihuo Co., Ltd 鞍山佳兆業百貨有限公司	17 October 2011	RMB8,000,000	100%	Commerce management
Hu Nan Kaisa Meng Yuan Property Development Co., Ltd 湖南佳兆業夢園房地產開發有限公司	15 March 2012	RMB10,000,000	70%	Property development
Shenzhen Yuefeng Investment Co., Ltd 深圳市悅峰投資有限公司	25 April 2012	RMB10,000,000	100%	Property development
Kaisa Property (Qingdao) Co., Ltd 佳兆業地產(青島)有限公司	18 May 2012	RMB10,000,000	100%	Property development
Shenzhen Kaisa International Trade City Co., Ltd 深圳市佳兆業國際物聯商貿城有限公司	2 July 2012	RMB10,000,000	100%	Commerce management

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Chengdu Zhaoruijing Equity Investment Fund Management Co., Ltd 成都市兆瑞景股權投資基金管理有限公司	11 July 2012	RMB10,000,000	100%	Equity investment
Kaisa Property (Shanghai) Co., Ltd. 佳兆業地產(上海)有限公司	17 July 2012	RMB30,000,000	100%	Property development
Wuhan Kaisa Investment Co., Ltd 武漢市佳兆業投資有限公司	13 July 2012	RMB250,000,000	100%	Property development
Shanghai Jinwan Zhaoye Development Co., Ltd 上海金灣兆業房地產開發有限公司	2 August 2012	RMB30,000,000	51%	Property development
Shenzhen Kaisa Zhiye Co., Ltd 深圳市佳兆業置業有限公司	7 September 2012	RMB10,000,000	100%	Property development
Jiangyin Binjiangyayuan Property Development Co., Ltd 江陰濱江雅園房地產開發有限公司	14 September 2012	RMB20,000,000	51%	Property development
Shenzhen Kaisa Pinghu Property Development Co., Ltd 深圳市佳兆業平湖房地產開發有限公司	18 October 2012	RMB50,000,000	100%	Property development
Shenzhen Taixi Zhiye Development Co., Ltd 深圳市泰熙置業發展有限公司	18 October 2012	RMB10,000,000	100%	Property development
Chongqing Shenlian Investment Co., Ltd 重慶深聯投資有限公司	22 August 2012	RMB20,000,000	51%	Property development
Shanghai Jiawan Zhaoye Property Co., Ltd 上海嘉灣兆業房地產有限公司	24 December 2012	RMB30,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Hunan Mingtai Zhiye Development Co., Ltd 湖南明泰置業發展有限公司	12 October 2000	RMB310,000,000	100%	Property development
Dalian Huapu Zhiye Co., Ltd. 大連華普置業有限公司	9 December 2009	RMB50,000,000	100%	Property development
Dalian Huahao Zhiye Co., Ltd 大連華灝置業有限公司	9 December 2009	RMB50,000,000	100%	Property development
Leisure Land Hotel Property Management Jiangyin Co., Ltd 可域酒店置業管理江陰有限公司	15 October 2009	RMB150,000,000	100%	Property development
Jiangsu Kaisa Investment Co., Ltd 江蘇佳兆業投資有限公司	18 May 2010	RMB15,000,000	100%	Property development
Taizhou Kaisa Jiangshan Property Development Co., Ltd 泰州佳兆業江山房地產開發 有限公司	13 July 2002	RMB50,000,000	51%	Property development
Guangzhou Yaxiang Property Development Co., Ltd. 廣州市雅翔房地產開發有限公司	7 May 2012	RMB918,370,000	51%	Property development
Shenzhen Dapeng Kaisa Property Development Co., Ltd 深圳市大鵬佳兆業房地產開發 有限公司	17 November 2000	RMB100,000,000	100%	Property development
Shenzhen Taijian Construction & Engineering Co., Ltd. 深圳市泰建建築工程有限公司	19 July 2007	RMB27,000,000	100%	Construction engineering
Puning Kaisa Investment Consulting Co., Ltd 普寧市佳兆業投資諮詢有限公司	17 August 2011	RMB10,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Kaisa Financial Investment (Shenzhen) Co., Ltd 佳兆業金融投資(深圳)有限公司	21 July 2011	RMB20,000,000	100%	Investment
Haikou Kaisa Property Development Co., Ltd. 海口佳兆業房地產開發有限公司	29 April 2010	RMB10,000,000	100%	Property development
Kaisa Culture and Sports Investment Development (Shenzhen) Co., Ltd. 佳兆業文化體育(深圳)有限公司	25 January 2013	RMB36,000,000	90%	Commerce management
Kaisa Property (Hangzhou) Co., Ltd. 佳兆業房地產(杭州)有限公司	6 March 2013	RMB10,000,000	100%	Property development
Hangxilongye Property (Hangzhou) Co., Ltd 杭溪隆業房地產(杭州)有限公司	26 June 2013	RMB50,000,000	100%	Commerce management
Chengdu Tianjia Zhiye Co., Ltd. 成都天佳置業有限公司	19 April 2013	RMB200,000,000	70%	Property development
Guangzhou Zhaofeng Zhiye Development Co., Ltd. 廣州兆峰置業發展有限公司	16 May 2013	RMB40,000,000	55%	Property development
Guangzhou Jiayu Property Development Co., Ltd. 廣州市佳宇房地產開發有限公司	21 May 2013	RMB50,000,000	100%	Property development
Guangzhou Jiarui Property Development Co., Ltd. 廣州市佳瑞房地產開發有限公司	5 June 2013	RMB200,000,000	80%	Property development
Guangzhou Yurui Property Development Co., Ltd. 廣州裕瑞房地產開發有限公司	29 October 2012	RMB2,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Guangzhou Zhaochang Property Development Co., Ltd. 廣州市兆昌房地產開發有限公司	21 June 2013	RMB30,000,000	51%	Property development
Wuhan Junhui Property Development Co., Ltd. 武漢市君滙房地產開發有限公司	20 May 2013	RMB50,000,000	100%	Property development
Dongguan Yulongshan Property Development Co., Ltd. 東莞市御龍山房地產開發有限公司	9 April 2013	RMB20,000,000	100%	Property development
Shanghai Yingwan Zhaoye Property Development Ltd. 上海贏灣兆業房地產有限公司	20 June 2013	RMB50,000,000	51%	Property development
Shanghai Chengwan Zhaoye Property Development Ltd. 上海誠灣兆業房地產有限公司	2 August 2013	RMB30,000,000	100%	Property development
Shanghai Rongwan Zhaoye Property Development Co., Ltd. 上海榮灣兆業房地產開發有限公司	17 October 2013	RMB30,000,000	100%	Property development
Beijing Kaisa Chuangzhan Property Co., Ltd. 北京佳兆業創展房地產有限公司	25 June 2013	RMB10,000,000	51%	Property development
Kaisa Property Nanjing Co., Ltd. 佳兆業房地產南京有限公司	12 September 2013	RMB50,000,000	100%	Property development
Wan Tai Chang Property Development (Suizhong) Co., Ltd. 萬泰昌房地產開發(綏中)有限公司	15 October 2013	HKD140,780,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Chongqing Kaisa Property Development Co., Ltd. 重慶佳兆業房地產開發有限公司	13 November 2013	RMB10,000,000	100%	Property development
Chongqing Tanxun Wulianwang Technology Co., Ltd. 重慶談訊物聯網科技有限公司	13 November 2013	RMB10,000,000	100%	Property development
Huizhou Kaishi Cinema Management Service Co., Ltd. 惠州凱獅影院管理服務有限公司	14 June 2011	RMB8,000,000	100%	Commerce management
Shenzhen Jiawangji Property Development Co., Ltd. 深圳市佳旺基房地產開發有限公司	5 February 2010	RMB50,000,000	70%	Property development
Hunan Daye Property Development Co., Ltd. 湖南達業房地產開發有限公司	9 August 2013	RMB30,000,000	100%	Property development
Kaisa Property Management (Shenzhen) Co., Ltd. 佳兆業物業管理(深圳)有限公司	20 October 1999	RMB10,000,000	100%	Property management
Huizhou Jinhu Property Co., Ltd. 惠州市金湖房地產有限公司	26 March 1993	RMB10,000,000	100%	Property development

41 PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are sino-foreign equity joint venture enterprises:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Fenglong Group Co., Ltd. 豐隆集團有限公司	29 October 1993	RMB168,000,000	100%	Property development
Sichuan Tianzi Zhiye Co., Ltd. 四川天姿置業有限公司	15 September 2006	RMB20,000,000	100%	Property development
Huizhou Weitong Property Co., Ltd. 惠州緯通房產有限公司	14 January 1994	HK\$256,026,685	100%	Property development
Kaisa Property (Liaoning) Co. Ltd. 佳兆業地產(遼寧)有限公司	28 January 2010	RMB1,086,670,000	100%	Property development
Jiangyin Woodland Height Property Co., Ltd. 江陰桂芳園房地產有限公司	22 March 2010	USD24,280,000	100%	Property development
Kaisa Jiangyin Real Estate Co., Ltd. 佳兆業地產江陰有限公司	15 October 2009	RMB450,000,000	100%	Property development
Guangdong Guanji Investments Company Limited 廣東冠基投資有限公司	1 August 2005	RMB5,000,000	80%	Property development
Kaisa Technology (Huizhou) Co., Ltd. 佳兆業科技(惠州)有限公司	24 March 2008	USD37,942,560	100%	Property development
Kaisa Commerce Property Management (Panjin) Co., Ltd 佳兆業商業置業管理(盤錦)有限公司	6 March 2011	USD51,960,000	71%	Commerce management

FINANCIAL SUMMARY

CONSOLIDATED BALANCE SHEETS

	31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
ASSETS					
Non-current assets					
Property and equipment	91,731	106,140	148,725	307,948	579,528
Investment properties	1,578,600	5,484,000	6,375,100	7,539,500	9,595,200
Land use rights	18,798	18,379	20,603	60,485	165,342
Investments in associates	–	299,521	298,979	–	–
Deferred income tax assets	119,559	75,075	105,601	208,941	197,560
	1,808,688	5,983,115	6,949,008	8,116,874	10,537,630
Current assets					
Properties under development	7,379,830	10,521,175	22,159,585	31,670,226	45,168,917
Completed properties held for sale	1,013,120	603,321	1,342,662	3,169,518	6,134,899
Debtors, deposits and other receivables	607,596	896,525	1,575,543	2,380,689	3,323,539
Deposits for land acquisition	1,919,117	1,585,759	2,121,917	3,462,425	9,662,066
Prepayments for proposed development projects	1,383,871	1,827,183	2,915,684	3,608,772	4,025,563
Prepaid taxes	142,571	135,797	153,891	191,806	197,760
Financial derivatives	–	–	–	–	51,450
Restricted cash	382,966	530,067	541,030	669,784	1,676,463
Short-term bank deposits	–	–	–	–	263,723
Cash and cash equivalents	3,344,453	4,339,600	3,945,389	4,682,502	6,765,970
	16,173,524	20,439,427	34,755,701	49,835,722	77,270,350
Total assets	17,982,212	26,422,542	41,704,709	57,952,596	87,807,980
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	440,550	432,150	432,210	432,246	434,139
Share premium	4,024,775	3,815,214	3,816,563	3,817,526	3,861,789
Reserves					
– Proposed final dividend	–	–	–	–	581,338
– Others	2,203,702	5,741,093	7,692,893	10,100,417	12,420,307
	6,669,027	9,988,457	11,941,666	14,350,189	17,297,573
Non-controlling interests	(40,494)	4,936	7,786	703,994	4,460,591
Total equity	6,628,533	9,993,393	11,949,452	15,054,183	21,758,164

In 2010, the Group changed its accounting policies for land use rights which are held for development and subsequent sale.

The change in accounting policy has been accounted for retrospectively and the financial information for the years ended 31 December 2009 and 2010 as presented in this five-year summary has been restated by reclassifying the land use rights for development and subsequent sale to properties under development and completed properties held for sale.

CONSOLIDATED BALANCE SHEETS (Continued)

	31 December				
	2009	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Borrowings	2,812,890	6,175,664	11,577,305	12,257,358	18,200,998
Financial derivatives	–	–	–	59,084	–
Deferred income tax liabilities	228,701	971,237	1,079,415	1,143,247	1,300,266
	3,041,591	7,146,901	12,656,720	13,459,689	19,501,264
Current liabilities					
Advance proceeds received from customers and deposits received	2,266,075	4,494,353	7,241,863	17,243,847	29,638,940
Accrued construction costs	1,119,549	1,325,983	5,274,097	5,414,517	8,020,540
Income tax payable	404,906	866,390	989,100	1,480,732	2,817,056
Borrowings	3,048,988	1,751,708	2,067,186	3,150,338	4,023,758
Loan with detachable warrants	684,736	–	–	–	–
Other payables	750,357	806,337	1,522,814	1,697,391	1,977,465
Amounts due to non-controlling interests of subsidiaries	37,477	37,477	3,477	451,899	70,793
	8,312,088	9,282,248	17,098,537	29,438,724	46,548,552
Total liabilities	11,353,679	16,429,149	29,755,257	42,898,413	66,049,816
Total equity and liabilities	17,982,212	26,422,542	41,704,709	57,952,596	87,807,980
Net current assets	7,861,436	11,157,179	17,657,164	20,396,998	30,721,798
Total assets less current liabilities	9,670,124	17,140,294	24,606,172	28,513,872	41,259,428

CONSOLIDATED RESULTS

	Years ended 31 December				2013 RMB'000
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	
Revenue	4,672,156	7,755,890	10,834,726	11,955,020	19,523,056
Cost of sales	(3,352,040)	(4,745,012)	(7,601,182)	(8,069,591)	(12,923,218)
Gross profit	1,320,116	3,010,878	3,233,544	3,885,429	6,599,838
Other (losses)/gains – net	37,201	5,962	43,309	226,051	(84,291)
Selling and marketing costs	(163,543)	(183,308)	(404,841)	(578,325)	(861,877)
Administrative expenses	(250,105)	(411,155)	(565,048)	(818,386)	(952,013)
Change in fair value of investment properties	289,847	2,970,144	432,712	501,075	728,712
Change in fair value of financial derivatives	(85,339)	–	–	54,710	51,450
Operating profit	1,148,177	5,392,521	2,739,676	3,270,554	5,481,819
Share of results from an associate	–	(479)	(542)	(462)	–
Finance (costs)/income – net	(194,782)	(45,842)	85,834	(690)	(325,959)
Profit before income tax	953,395	5,346,200	2,824,968	3,269,402	5,155,860
Income tax expenses	(405,538)	(1,709,544)	(925,690)	(1,153,225)	(2,293,213)
Profit for the year	547,857	3,636,656	1,899,278	2,116,177	2,862,647
Profit attributable to:					
Equity holders of the Company	547,871	3,636,699	1,900,954	2,072,219	2,857,449
Non-controlling interests	(14)	(43)	(1,676)	43,958	5,198
	547,857	3,636,656	1,899,278	2,116,177	2,862,647
Basic earnings per share (expressed in RMB)	0.138	0.738	0.388	0.422	0.581
Diluted earnings per share (expressed in RMB)	0.138	0.736	0.372	0.406	0.534

www.kaisagroup.com

佳兆業集團控股有限公司*
KAISA GROUP HOLDINGS LTD.

Room 3306, Kerry Center, Ren Min Nan Road, Luohu, Shenzhen, China

Tel : (86) 755 2518 1818

Suite 2001, 20/F Two International Finance Centre

No. 8 Finance Street, Central, Hong Kong

Tel : (852) 8202 6888