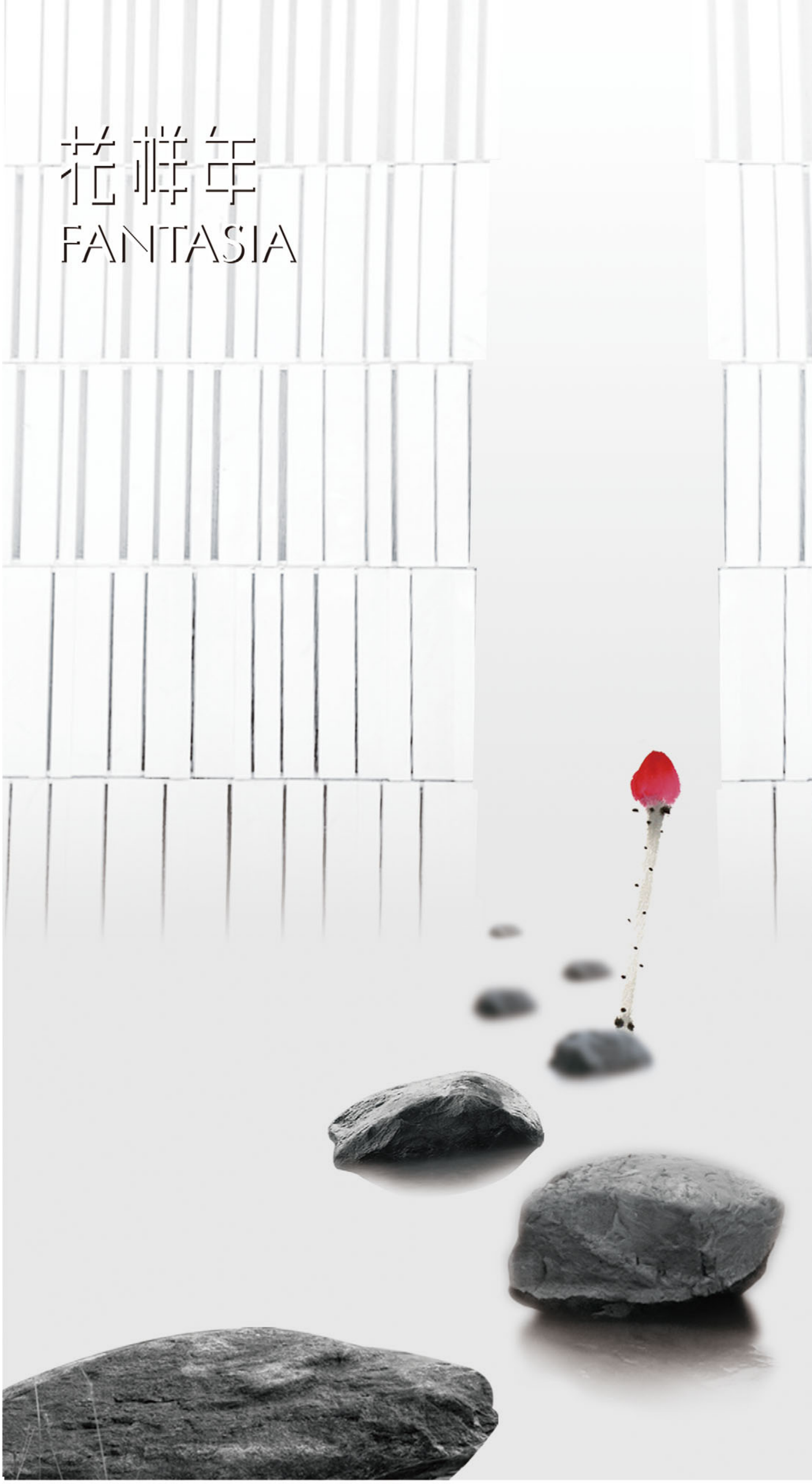
FANTASIA

Fantasia Holdings Group Co., Limited 2013 Annual Report

Stock Code: 01777



让生活更有风格

Make Life in Style

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Pan Jun
(Chairman and Chief Executive Officer)
Ms. Zeng Jie, Baby
Mr. Lam Kam Tong
Mr. Zhou Jinquan
(appointed on 28 March 2013)
Mr. Wang Liang
(appointed on 6 January 2014)

Non-Executive Directors

Mr. Li Dong Sheng
(appointed on 6 January 2014)
Mr. Yuan Hao Dong
(appointed on 6 January 2014)

Independent Non-Executive Directors

Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan

COMPANY SECRETARY

Mr. Lam Kam Tong

AUTHORIZED REPRESENTATIVES

Mr. Pan Jun
Mr. Lam Kam Tong

AUDIT COMMITTEE

Mr. Ho Man (Committee Chairman)
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan

REMUNERATION COMMITTEE

Mr. Huang Ming (Committee Chairman)
Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Xu Quan
Mr. Pan Jun

NOMINATION COMMITTEE

Mr. Pan Jun (Committee Chairman)
Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan
Ms. Zeng Jie, Baby

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISORS

As to Hong Kong Law

Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Room 1103
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

Block A, Funian Plaza,
Shihua Road and Zijing Road
Interchange in Futian Duty-free Zone,
Shenzhen 518048
Guangdong Province, China

CAYMAN ISLANDS 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 BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

The Company's Share Listing

Ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 01777

The Company's Senior Notes Listing

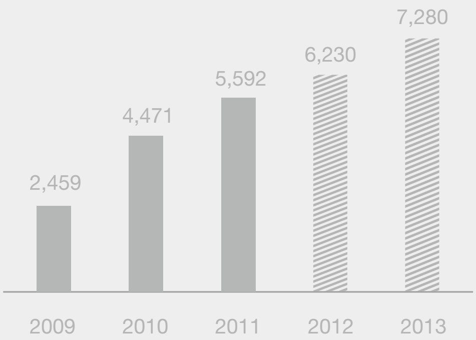
USD120 million 14%, 5 years senior notes due 2015
RMB1 billion 7.875%, 3 years senior notes due 2016
USD250 million 13.75%, 5 years senior notes due 2017
USD300 million 10.625%, 5 years senior notes due 2019
USD250 million 10.75%, 7 years senior notes due 2020
The Singapore Exchange Securities Trading Limited

WEBSITE

http://www.cnfantasia.com

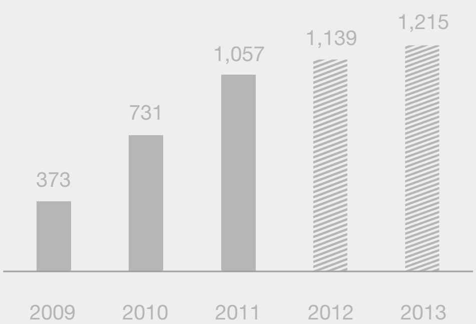
FINANCIAL HIGHLIGHTS

Revenue (in RMB'million)



16.9%

Profit attributable to owners of the Company (in RMB'million)



6.7%

	2009	2010	2011	2012	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	2,458,673	4,471,234	5,592,350	6,230,050	7,279,828
Gross profit	1,026,861	1,924,794	2,391,700	2,520,272	2,793,559
Profit attributable to owners of the Company	373,469	730,798	1,057,479	1,139,241	1,215,038
Basic earnings per share (RMB)	0.10	0.16	0.21	0.22	0.23
Total assets	11,453,486	15,382,388	18,122,636	24,526,597	30,563,466
Total liabilities	7,372,125	10,534,896	12,240,380	17,605,431	22,732,138

HONORS AND AWARDS

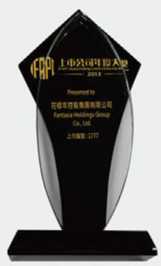
On Company Level

- In January 2013, Fantasia Holdings Group (China) Co., Limited was awarded "Outstanding Foreign-funded Enterprises in China, Top Ten Best Sales Volume Enterprises" (中國優秀外商投資企業－十大營業額企業) promulgate by China Association of Enterprises with Foreign Investment (中國外商投資企業協會) and Shenzhen Association of Enterprises with Foreign Investment (深圳外商投資企業協會);
- In April 2013, Fantasia Holdings Group (China) Co., Limited was awarded the "Top100 China Real Estate Developers" in 5 consecutive years from 2009 to 2013 by China Real Estate Top 10 Research;
- In July 2013, Fantasia Holdings Group Co., Limited was awarded the "Listed Company with the Best Investment Value 2013" (2013年度最具投資價值上市公司大獎) by 21st Century Business Herald (《21世紀經濟報導》) and Selection Committee of Golden Brick Award for Real Estate of China (中國房產金磚獎評選委員會);
- In August 2013, Fantasia Holdings Group Co., Limited was awarded the "Outstanding Real Estate Developer in China 2013" (2013年中國傑出房地產商) which was organized by Hong Kong Economic Digest (《經濟一週》);
- In December 2013, Fantasia Holdings Group (China) Co., Limited was awarded "Annual Award of Social Responsibility" (年度社會責任大獎) which was promulgated by Peking University HSBC School Of Business (北京大學滙豐商學院) and Nanfang Metropolis News (《南方都市報》);
- In November 2013, Fantasia Holdings Group Co., Limited was awarded the "Annual Award for Listed Companies 2013" (上市公司年度大獎2013) by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (香港股票分析師協會);
- In December 2013, Fantasia Holdings Group Co., Limited was awarded the "Top 20 Listing Real Estate Enterprises in Hong Kong Stock Market with PRC fund" (中資港股上市房企Top 20) by China Business News (《第一經濟日報》).

On Business, Project Section

- In January 2013, Yuhuatai Project was awarded the "Real Estate with the Most Investment Potential for 2013" (2013年最具投資價值樓盤) by House.QQ.com (騰訊房產);
- In January 2013, Dongguan Wonderland was awarded the "Annual Golden Best-selling Property" (年度金牌暢銷樓盤) by Nanfang Metropolis News (《南方都市報》);





- In January 2013, Chengdu Xinian Square was awarded the "Outstanding Property Management Project of Chengdu" (成都市物業管理優秀項目) by Administration for Urban and Suburban Real Estate of Chengdu (成都市城鄉房產管理局);
- In January 2013, Chengdu Grande Valley was awarded the "Outstanding Property Management Residential District of Chengdu" (成都市物業管理優秀住宅小區) by Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城鄉建設廳);
- In June 2013, Shenzhen Colour Life Services Group Company Limited was awarded the "China Top 100 Property Services Companies for Five Consecutive Years from 2009 to 2013" (2009-2013連續五年中國物業服務百強企業), "Leading Enterprise of Specialized Property Services of China in 2013 – Committee Service Operation" (2013中國特色物業服務領先企業－社區服務運營) and "Top 10 Growth Enterprises in Top 100 Property Services Companies in China in 2013" (2013中國物業服務百強企業成長性TOP 10) by China Real Estate Top 10 Research Teams (中國房地產TOP10研究組);
- In July 2013, Shenzhen Colour Life Services Group Company Limited was awarded "Committee Service Creation Award in 2013" (2013年度社區服務創新大獎) by 21st Century Business Herald and selection committee of Golden Brick Award for Real Estate of China;
- In September 2013, Shenzhen Colour Life Services Group Company Limited was awarded "Leading Brand Enterprise of Property Services in China of 2013" (2013中國物業服務領先品牌企業) by China Index Academy (中國指數研究院), with a brand value of 485 million;
- In October 2013, Shenzhen Colour Life Services Group Company Limited was awarded "Top 200 Enterprises with Comprehensive Strength on Property Management" (物業管理綜合實力TOP200企業) by China Property Management Institute (中國物業管理協會);
- In December 2013, Fantasia • Lakeside Eden was awarded "Golden Brick Award – Best Luxury Residential Model Award of Guangxi Real Estate" (2013廣西地產金磚獎最佳豪宅典範大獎) by Nanjing Real Estate Industrial Association (南京市房地產業協會), Guilin Real Estate Industrial Association (桂林市房地產業協會), Liuzhou Real Estate Industrial Association (柳州市房地產業協會) and Guangxi People's Broadcast Radio News 910 (廣西人民廣播電臺新聞910);

MILESTONE OF 2013

- In January 2013, USD250 million 10.75% senior notes with terms of 7 Years were issued;
- In January 2013, Beijing Fantasia Real Estate Development Company Limited (北京花樣年房地產開發有限公司) was incorporated;
- In January 2013, we entered into strategic alliance agreement with Shenzhen CATIC Decorative Design Company Limited (深圳中航裝飾設計工程有限公司);
- In February 2013, we acquired a land use right of a piece of land in Wenjiang District, Chengdu City at the consideration of approximately RMB213 million;
- In March 2013, we successfully acquired the entire equity interests in Suzhou Yinzhuang Land Company Limited (蘇州銀莊置地有限公司) at the consideration of approximately RMB511 million; and thus gained two pieces of lands in Huqiu District, Suzhou City;
- In March 2013, we contributed and raised the Shenzhen Fantasia Charity Foundation;
- In April 2013, we acquired a land use right of a piece of land in Pixian County, Chengdu City at the consideration of approximately RMB181.7 million;
- In April 2013, the Shenzhen Fantasia Charity Foundation denoted RMB1 million for Sichuan Ya'an Earthquake;
- In May 2013, RMB100.0 million 7.875% Senior Notes with Terms of 3 Years were issued;
- In May 2013, we held business invitation conference for Nanjing Yuhuatai Project, and reached letter of intent for cooperation with more than 30 well-known brands such as CRC Suguo (華潤蘇果), Yaolai Jackie Chan Cinema (耀萊成龍國際影城), Yum Brands (百勝餐飲);
- In May 2013, we acquired a building property right of a residential project in Beilun District, Ningbo City at the consideration of RMB100 million;
- In May 2013, we acquired a building property right of a residential property in Pudong District, Shanghai at the consideration of approximately RMB282.5 million, which is the first time we entered Shanghai market;
- In June 2013, we announced the proposed spin-off of Colour Life Services Group Co., Limited, which is our non-wholly subsidiary;
- In June 2013, Fantasia "Night of Fortune, Grammy Superstars Concert" was held in Chengdu;
- In June 2013, Guilin Hehenian Microcredit Company Limited, wholly fund by Fantasia was duly established;
- In June 2013, we acquired Ningbo Century Huafeng Real Estate Limited at a consideration of approximately RMB481 million, and thus gained the land use right of the land in Beilun District, Ningbo;

- In July 2013, Singapore Love forever, the first oversea real-estate project of Fantasia was duly commenced;
- In July 2013, "Colour Life Brand Conference of 2013" (2013彩生活品牌發佈會) was held in Shenzhen Funian Plaza, the new headquarter building of Fantasia;
- In July 2013, the substantial Shareholder, Fantasy Pearl International Limited further increased its stake of 29,058,000 shares of the Company within successive 5 trading days;
- In July 2013, we established corporate alliance with CORIDEL (高盈集團) in respect of REIT project;
- In August 2013, Guangzhou Fantasia Real Estate Investment Company Limited (廣州市花樣年房地產有限公司) was duly established;
- In August 2013, Fantasia Hotel Management Company Limited announced to duly take over Ningbo Kangcheng Sunshine Hotel (寧波康城陽光酒店) and import it under the U Hotel Brand.
- In August 2013, we gained the land use right of a piece of land available for auction in Chentang Technological Business District (陳塘科技商務園) of Hexi District, Tianjin City at a base price of RMB283.2 million;
- In October 2013, the seventh "Fantasia: Voyage to Happiness" (花樣年 • 發現幸福之旅) "the competition of "Design for Old Dad and Mum" (為老爸老媽設計) started, which aims at collecting designs for the elders;
- In November 2013, the Return Banquet for Diamond Customers, Suppliers was held;
- In November 2013, Fantasia's HYDE Hotel (Mont Conquerant) (花樣年個園酒店(君山)) of Chengdu commenced its operation;
- In December 2013, wholly-owned subsidiaries of us announced that it entered into the Transfer Agreement with TCL Corporation (TCL集團股份有限公司) and Shenzhen Hai Gu Zhou Property Development Co., Ltd. (深圳市海谷州置業發展有限公司) concerning the acquisition 100% equity interest and the indebtedness of Huizhou TCL Real Estate Development Co., Ltd. (惠州TCL房地產開發有限公司), and gained the projects in Huizhou and Wuhan and resource of land acquired for future;
- In December 2013, we acquired a quality land parcel located in Dapeng New District, Shenzhen;
- In December 2013, Shanghai Fantasia Property Development Company Limited was duly established;
- In December 2013, Hongtang Project (紅唐項目), a positioned as urban level mid-high class commercial complex was staged in Suzhou;
- In December 2013, we announced as at December 31, we recorded accumulated contract sales of approximately RMB10.174 billion and accumulated GFA sold of 1,292,700 square meters, and becoming one of the companies of "National 10 Billion Club of Real Estate Enterprises" (全國房企百億俱樂部) in the PRC.

CORPORATE SOCIAL RESPONSIBILITIES

In March 2013, to better fulfill strategic corporate social responsibilities of Fantasia, Fantasia registered Shenzhen Fantasia Charity Foundation as a private foundation in the Shenzhen Municipal Civil Affairs Bureau and established 3 public welfare projects, namely Public Welfare in Education, Public Welfare in Art and Public Welfare in Elderly Service. In 2013, Fantasia donated RMB1 million for sending volunteers to support Ya'an within the 72 hours prime period and organizing children from the disaster areas of Ya'an to have an experience tour of the city; hosted a public welfare competition of "Design for Old Dad and Mum", which solicited about 1,150 pieces of creative works for the elderly; and sponsored the establishment of 3 "Ankangnian Elderly Service Centers" to provide community services to the elderly.

Public Welfare in Education

In 2013, Fantasia Charity Foundation completed the site selection for 18 Fantasia – Rainbow Houses; donated and built additional 25 Rainbow Houses in collaboration with the Central Committee of the Communist Youth League of China after the Ya'an earthquake. Up to 2013, Fantasia has donated and built totally 125 Fantasia – Rainbow Houses in 31 provincial administrative areas nationwide (excluding Taiwan, Hong Kong and Macau).

In 20th April, Fantasia Charity Foundation donated RMB1 million to the distressed areas of Sichuan Ya'an for the subsequent building of Rainbow Houses, purchasing commodities for relief work and volunteer training programs for caring the children in the distressed areas. In August, Fantasia donated and completed the building of Fantasia Qixiang School (another Fantasia – Rainbow House) in Pujiang County of Chengdu city and established a flagship example of public welfare in education in southwestern areas.

Rainbow Classes

In May, Fantasia donated about RMB200,000 for constructing the campus of Hope Primary School and 15 computers to support the commencement of Rainbow Classroom for taking care of the children from the distressed areas in terms of hardware facilities. In addition, Fantasia also donated RMB40,000 to Wang Xingming, a student suffered from leukemia.

Public Welfare in Art

In 2013, the seventh "Fantasia – Voyage to Happiness" under the theme of "Design for Old Dad and Mum" was launched and solicited from university students and young designers, design works in the fields suitable the elderly, such as spatial design, industrial design, interactive design and visual transmission design. Within only a soliciting period of two months, the organizing committee received over 1,150 pieces of works (including 17 pieces from overseas).

At the same time, the public welfare competition, with an aim of appealing to the public to pay attention to designs for the elderly and retirement issues, gained the attention of professional media in design, media in public welfare and mass media in Beijing, Guangzhou and Shenzhen. While the retirement industry in China gathered momentum, "Design for Old Dad and Mum" becomes a public activity "through intervening into the society by designs" for the caring of the elderly. The final winners of the public welfare competition are expected to be selected in the first half of 2014.

Public welfare in Elderly

From July to September 2013, Shenzhen Fantasia Charity Foundation contributed RMB600,000 in total to establish the "Ankangnian Elderly Service Centers" in Qinyang District of Chengdu City, Nanshan District of Shenzhen City and Chenghua District of Chengdu City, respectively. Those projects mainly provide professional comprehensive retirement services at community level and retirement services at home.

Fantasia volunteers

Based on the core principle of "enjoyable charity", Fantasia volunteers commenced in 2013, a series of activities integrating 3 public welfare projects.

In April, after the Ya'an earthquake, Fantasia volunteers donated money and commodities and sent the commodities for the relief work to the earthquake site of Ya'an within the 72 hours prime period. In June, Fantasia volunteers launched the "Music Rising Star Program" for children in the distressed areas with the theme "Music without boundary, love without limit". 20 teaching staff and students from the distressed areas were selected to experience the "Fantasia – Night of Fortune – Grammy All-stars Concert" and had a 2-day tour of the city. At the same time, Fantasia volunteers went to the distressed areas of Ya'an, such as Longmen village and Zhongli town, to study the reconstruction work and the need of the children of the migrant workers after the earthquake.

In August, Fantasia volunteers held "Flying Dreams and Self-help Welfare – Fantasia Volunteers Ji'an Tour for Public Welfare" and gave the first rainbow class to the children from the distressed areas. In March and September, the tenth and eleventh batch of teachers supporting education headed to Ji'an Hope Primary School. In September, Fantasia owners head to Ji'an Fantasia Hope Primary School to commence one-to-one supporting activities for the sixth time. In October, Fantasia volunteers participated in special seminars of the Communist Youth League of China caring the children of migrant workers organized by the Central Committee to enhance their expertise.

CHAIRMAN'S STATEMENT

Dear shareholders,

I. INNOVATION, TRANSFORMATION AND BREAKTHROUGH

2013 sees the unfold of Fantasia's 10 years' strategy. Building up on the consumption of a basic necessity, the Company has strengthened its investments in the Tier-1 cities while maintained stable development in Tier-2 cities and being prudent in Tier-3 and Tier-4 cities. With the strong determination in the implementation of the new strategy, the Company has formulated the theme of "transformation, innovation and breakthrough" with a focus of enhancing our core competitiveness through the provision of new experiences and services to our customers.

The Company recorded contract sales of approximately RMB10.174 billion and gross floor area ("GFA") of 1.2927 million square meters which exceeded the annual sales target of RMB10 billion, promoting us to the RMB10 billion club in PRC. Supported by our advances preparations, the Company has also achieved breakthroughs in seven major businesses in 2013, namely financial services, community services, property management, business management, hotel management, cultural tourism and senior housing. While accelerating our pace of developing into a financial holding group, the Company continues to provide an interesting, tasteful and colorful living space and experience for our customers.

II. RESULTS AND DIVIDENDS

For the financial year ended 31 December 2013, the Company recorded revenue of approximately RMB7,280 million, which represents an increase of 16.9% over last year. Net profit attributable to owners of the Company during the year was RMB1,215 million, representing an increase of 6.7% as compared to last year. Excluding the gain from the change in fair value of investment properties and net of the effect on relevant taxation and minority interests, the core net profit reached RMB1,141 million, representing an increase of 27.9% as compared to last year.

To reward our shareholders for their support, the Board of Directors of the Company proposed a final dividend of HK6.68 cents per share in respect of the year 2013, subject to shareholders' approval at the upcoming annual general meeting.

III. MARKET AND BUSINESS REVIEW

"Consolidation in the pace of recovery and adjustment in the momentum of growth" was witnessed under the slowdown of worldwide economic growth globally in 2013. The Western economies as represented by the United States and Europe, showed a favourable trend in economic development, but still restricted by factors such as continuing fiscal deficit and the adjustment of monetary policies. The economic growth of emerging markets encountered a bottleneck, resulting in slowdown in economic growth.

The downward pressure of the PRC economy persisted and "Steady Growth" policies were implemented. Notwithstanding the M2 maintained steady growth, the market liquidity was weakened significantly. Panics in markets were triggered by the shortage in liquidity of banks during the second half of 2013 and together with further drop in exports, stagnant domestic demand, decline in investments as well as sluggish consumption. GDP growth for the whole year was 7.7%.

Though the control policies remained in place for the whole year, the domestic real estate market was the most prosperous over the past five years. It is likely that the sales for the whole year would exceed 1.3 billion square meters and the total sales would exceed RMB8,000 billion, representing a year-on-year increase of 26.3% and 17.3%, respectively. Variance in land market prevailed with excessive demand in Tier-1 and Tier-2 cities and over supply in Tier-3 and Tier-4 cities. The property market further consolidated as the top 100 cities have represented over 30% of the market share.

Against the above backdrop, the Company extended its effort in the promotion of rigid demand products and commercial properties, which were well received in the market. Our flexible marketing strategy were following closely and utilizing the features in the Internet era through the marketing of our products on Taobao, Weibo and WeChat. Hence, regardless of Tier-1 or Tier-2 cities, and regardless of peak season or low season, the products launched by the Company always hold their best-selling position. Rigid demand products like Guilin Fantasia Town, Huizhou Fantasia Special Town, Wuxi Love Forever and Chengdu Fantasia Town achieved satisfactory results; commercial properties such as Chengdu Future Plaza, Chengdu Meinian Plaza, Chengdu Funian Plaza and Wuxi Hailrun Plaza were occupied or will be occupied soon. This has boosted our good image which in turn enhanced purchasers' confidence and drove our sales growth. The overseas project in Singapore also contributed to the growth of the results. In 2013, our contract sales was approximately RMB10.174 billion and our sales area was 1.2927 million square meters, representing an increase of 26.95% and 34.67% respectively as compared to the same period of last year.

By continuously providing quality products, services and future development potential for customers in the past year, the Company was recognized by the media and the capital market. The Company was awarded with various honors, including the "Listed Company with the Best Investment Value 2013" by Boao • 21st Century Real Estate Forum, the "China Outstanding Real Estate Developer 2013" by Economic Digest, a reputable financial media in Hong Kong, and the "Listed Company – Annual Award 2013" by The Hong Kong Institute of Financial Analysts and Professional Commentators Ltd.. Such achievements have highlighted the investment potential of our Company.

1. Having community finance as our core business with development of financial services in other business ecosphere

In 2013, our financial sector focused on community finance without neglecting its development in other business ecosphere. After its official opening in June 2013, Guilin Hehenian Microcredit Company Limited, a subsidiary of the Company, experienced rapid growth and has set up 10 branch offices as of the end of the year. Driven by the steady development of our leasing business in finance sector, we have established Shenzhen Qianhai Fantasia Financial Services Company Limited, which has branches strategically distributed across the North, East, South and Southwest of China, and strive to provide non-bank financial services and drive the innovative financial sector of China to develop comprehensively.


Shenzhen Funian Plaza

2. The largest community service operator

As an operating platform for the provision of integrated services to the community, Colour Life Group, a subsidiary of the Group, put forward the philosophy of"community service to the family"and experienced a continuous and rapid growth in 2013. In July 2013, Colour Life Group declared in a press conference that it has served in more than 500 projects with a total area of over 60 million square meters and being recognized as"the largest community service company in China". As of 31 July 2013, it has 721 projects with an area of over 100.08 million square meters. Colour Life Group has completed the establishment of System 2.1 in 2013 and satisfied the basic conditions of providing standardized service and has become a platform service provider. It makes use of internet and cloud App to provide on-site service and establish a 1-kilometer mini-commercial zone for the purpose of providing online and offline services to its customers. Colour Life has already established a sound internal financial control system and is preparing for its public listing. In future, Colour Life plans to provide integrated services, such as financial and elderly services as well as the provision of support to small-sized enterprises in the community.

3. Hotel management with ability to expand and output services

In respect of hotel management business, "HYDE"hotel (個園) in Jun mountain has commenced business and U Hotel (有園) in Tianjin has commenced trial operation in 2013. The Company, having executed a letter of intention with Coridel Capital, a subsidiary of CORIDEL, for a cooperation alliance in respect of a real estate investment trust for hotel projects, formally announced its close cooperation with Coridel Capital in the global market on the merger and acquisition of hotel projects, financial operation, brand operation and commissioned management with an aim of establishing long-term, amicable and strategic alliance. In August 2013, the Company takeover Ningbo Kangcheng Sunshine Regency Hotel by which ability to expand and output hotel management services is prominently shown. It is expected that we will operate and manage over 16 different types of hotels with varying sizes in both domestic and overseas market in the next three to five years. Gross floor area will reach 280,000 square meters.

4. Adequate reserve for a leaping growth in 2014

In respect of land acquisition, the Company has obtained parcels of land in Suzhou, Chengdu, Ningbo, Shanghai, Tianjin and Huizhou through various means, such as bidding and acquisition, and entered into Tier-1 and Tier-2 cities, including Ningbo, Wuhan and Shanghai. As of the end of 2013, we have adequate land bank in the Tier-1 and Tier-2 cities. In Shenzhen alone, we have over 10 projects with a GFA of approximately 2.50 million square meters. The increase in both stock and salable floor area are relatively significant in 2014 as compared with 2013. In 2014, the Company will seize market opportunities to strive achieving a leaping growth in the sales of our property business through a flexible online and offline promotion.

5. Issuance of senior notes

The successful issuance of US$250 million 7-year senior notes and RMB1 billion 3-year senior notes in 2013 provided funds for our existing and new property development projects.

6. Development of public welfare with contribution to the community

The Shenzhen Fantasia Charity Foundation of the Company has generally established a charity model in 2013. It has contributed to building rainbow houses in the disaster area of Ya'an right after the earthquake, launched public welfare projects, such as the seventh "Voyage to Happiness" and "Cuisine in China" under the theme of "Love the Elderly". Through charitable activities and identification and performance of our social responsibilities, we continuously contribute to the society with great caring, reflecting Fantasia's concern for the society, arts and the vulnerables.

IV. OUR FUTURE BUSINESS

Global economy will gradually recover form the crisis and continues to be bottom-out in 2014. However, the growth rate will still be relatively low. The fundamental of the PRC economy is solid and the GDP growth expectation is at about 7.5%. But the slowdown in the growth of overall financing volume and relatively high interest rate will lead to a decline in the investments growth in 2014.

The domestic property sales are expected to be slow because of the financial environment, especially for some Tier-3 and Tier-4 cities. Due to the high inventory, both the sales prices and volumes may decline. In the Tier-1 and selected Tier-2 cities, demand will drive the property market to remain hot. In the land market, the attention will be focused on the projects in Tier-1 cities such as Beijing, Shanghai, Guangzhou and Shenzhen. There will not be material changes in the transaction volumes in Tier-2 and Tier-3 cities because of the abundant supply, and land prices may rise steadily. For the product demand side, products with solid demand will be the market leader while the sales of large-sized properties will be difficult. The market imbalance will be improved.

In 2014, internet will bring along big changes in life. The increasing speed of the internet businesses reform will generate significant changes in the traditional businesses. Like internet financing, O2O (Online-to-Offline) will spread over the other businesses. The development of the large data business will enter into material stage and overwhelming data transactions will enhance the Company's competitiveness.

Looking forward, Fantasia plans ahead from the perspective of finance under the growing importance of internet a new business layout for an organic ecosphere developed through coordination between the two platform for financial business and provision of services, aiming to transit gradually to a light asset based business and functionally separated organization structure. We will form a strategically consolidated investment holding group for providing customers with interesting and meaningful experience through sound organization and coordination while we will also ask our staff to possess valuable skill, capacity and thriving ideas to perform their respective duties properly.

Focusing on the community, the Company will integrate with other ecosphere businesses to establish the largest integrated service platform in China and strengthen its ability in internet and finance for setting up a platform for application of internet in the area of finance. In addition, it will conduct a thorough study on the demand for ancillary operating in the community for meeting the customers' demand for a valuable living environment and build schools for education and nurturing talents with Fantasia's distinctive ideas. We will capture all opportunities available in the first-tier and second-tier cities and endeavor to enter into the third-tier cities so as to strengthen our management framework for further expansion of Fantasia's service platform. Following the increasing demand for economic transformation in China, an effective combination of the capability in service provision and community establishment facilitates a creation of an innovative platform for a new economic model. In view of the growing concern to the elderly, we will set up a model for elderly welfare and establish the largest database for the same in accordance with relevant policies. With the steady development of commercialization for residential properties amid the emergence of opportunities under the new urbanization policies, technical property strategies will be formed globally in the future. Finally, we promote the philosophy of living with great interest through Qiertang, a club for our customers to share their "interest" and enjoy high-end experience.

V. APPRECIATION

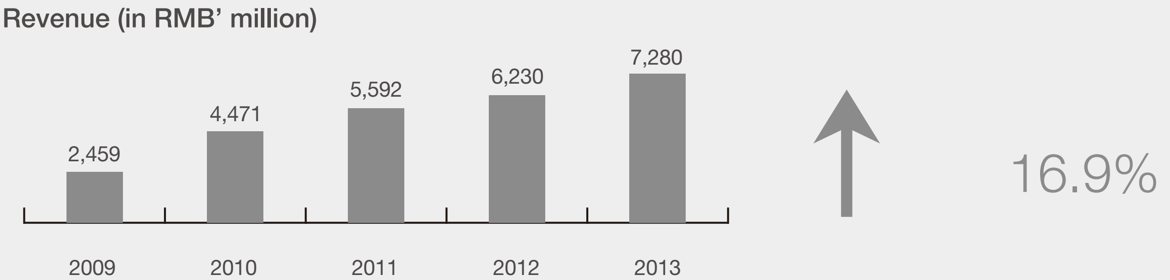
The development of Fantasia was founded on the tremendous support from all parties in the society and the contributions of our staff. On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. The economy and society of the PRC has entered into a historical moment with state-owned enterprises facing challenges and opportunities arising from maketization. The Company will adhere to the concept of maintaining a close relationship with customers and developing a light asset based business so as to become a leader in social community services in three to five years' time and create valuable life to our customers continuously and thoroughly with new ideas. We dedicate to maximize the value for our shareholders and investors in creating the best returns.

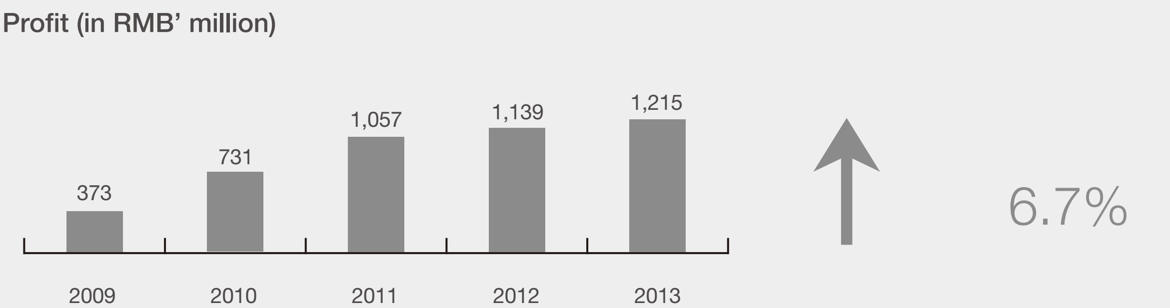
MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) the provision of hotel management and related services. For the year ended 31 December 2013, turnover of the Group amounted to approximately RMB7,280 million, representing an increase of 16.9% from approximately RMB6,230 million in 2012. Profit for the year attributable to the owners of the Company was approximately RMB1,215 million, representing an increase of 6.7% from approximately RMB1,139 million in 2012.





Property Development

We recognize revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of our properties held for sales. Revenue derived from property development increased by 14.4% to approximately RMB6,733 million in 2013 from approximately RMB5,885 million in 2012. This increase was due primarily to an increase in total GFA sold to our customers.

The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in 2013 and 2012.

	2013			2012		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB	RMB'000	Square meters	RMB
Chengdu Future Plaza (成都香年廣場)	574,983	54,211	10,606	1,311,210	125,194	10,473
Shenzhen Funian Plaza (深圳福年廣場)	16,856	745	22,631	779,537	22,592	34,505
Huizhou Fantasia Special Town (惠州別樣城)	81,633	13,645	5,983	691,572	137,054	5,046
Tianjing Future Plaza (天津香年廣場)	–	–	–	594,511	50,702	11,725
Chengdu Fantasia Town (成都花樣城)	217,009	50,783	4,273	584,605	138,738	4,214
Dongguan Wonderland (東莞江山)	691,878	108,043	6,404	511,323	62,483	8,183
Wuxi Love Forever (無錫花郡)	83,363	8,461	9,852	438,723	62,496	7,020
Suzhou Lago Paradise (蘇州太湖天城)	217,491	17,066	12,744	247,283	22,819	10,837
Dongguan Mont Conquerant (東莞君山)	30,947	2,842	10,888	242,746	27,887	8,705
Chengdu MIC Plaza[1] (成都美年國際廣場)	15,568	2,121	7,339	147,861	19,964	7,406
Shenzhen Meinian International Complex (深圳美年廣場)	–	–	–	131,039	4,378	29,931
Chengdu Grande Valley (成都大溪谷)	41,794	4,232	9,875	101,440	12,211	8,307
Chengdu Belle Eqopue[2] (成都君山)	19,843	2,829	7,013	32,181	5,210	6,177
Tianjin Hailrun Plaza (天津喜年廣場)	–	–	–	20,729	1,768	11,725
Shenzhen Love Forever (深圳花郡)	–	–	–	2,852	99	28,808
Chengdu Funian Plaza (成都福年廣場)	1,617,941	132,212	12,237	–	–	–
Tianjin Love Forever (天津花郡)	431,890	50,593	8,537	–	–	–
Wuxi Hailrun Plaza (無錫喜年廣場)	196,114	25,268	7,761	–	–	–
Huizhou Love Forever (惠州花郡)	220,919	49,784	4,438	–	–	–
Guilin Fantasia Town (桂林花樣城)	942,078	158,491	5,944	–	–	–
Nanjing Yuhuatai Project (南京花生唐)	932,745	44,597	20,915	–	–	–
Dali Human Art Wisdom (大理藝墅花鄉)	327,571	52,545	6,234	–	–	–
	6,660,623	778,468	8,556	5,837,612	693,595	8,416
Other (including sales of car parks and construction of relocation housing)	72,717	–	–	47,702	–	–
	6,733,340	–	–	5,885,314	–	–

Property Investment

Revenue generated from property investment increased by 43.3% to approximately RMB129 million in 2013 from approximately RMB90 million in 2012. The increase was primarily due to the continuing growth of the investment properties and the increase in occupancy rate.

Property Agency Services

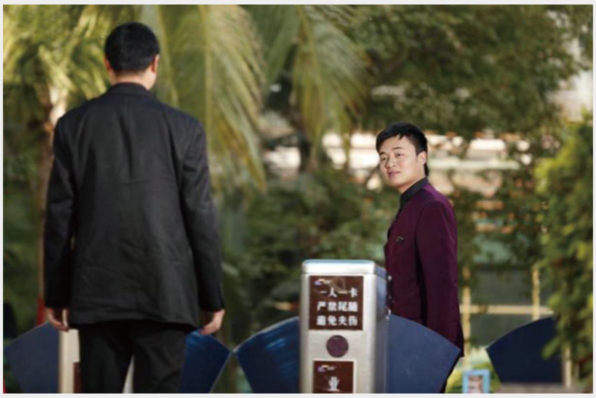
Revenue derived from property agency services decreased by 7.1% to approximately RMB13 million in 2013 from approximately RMB14 million in 2012. Due to the restructuring of the Company's business, the property agency services business has been disposed of in January 2011 in order for the management to concentrate on the major business, but we maintained the property agency service in the second hand market as a value-added service in the property operation business team.

Property Operation Services

Revenue derived from property operation services increased by 70.3% to approximately RMB315 million in 2013 from approximately RMB185 million in 2012. This increase was due primarily to an increase both in the GFA of properties that we managed and coverage of value added service we provided to customers during 2013.

Hotel Services

Revenue derived from hotel services increased by 63.6% to approximately RMB90 million in 2013 from approximately RMB55 million in 2012. This increase was due primarily to an increase in occupancy rate of the hotel during 2013.



Gross Profit and Margin

Gross profit increased by 10.9% to approximately RMB2,794 million in 2013 from approximately RMB2,520 million in 2012, while our gross profit margin maintained at a high level of 38.4% in 2013 whereas it was 40.5% in 2012. This increase in gross profit was in line with the increase in the total revenue in 2013. On the other hand, the decreased in gross profit margin in 2013 was resulted from the change in composition of completed properties delivered.

Other Income, Gain and Losses

Other income, gain and losses increased by 1,106.3% to approximately RMB386 million in 2013 from approximately RMB32 million in 2012. The increase was mainly attributable to the investment gains derived from the land rehabilitation services we provided to the government of Pi County, Chengdu, Sichuan.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 0.3% to approximately RMB315 million in 2013 from approximately RMB314 million in 2012. This increase was due primarily to an increase in general selling, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in 2013 as compared to that in 2012. Our contract sales in 2013 was approximately RMB10,174 million while that in 2012 was approximately RMB8,014 million.

Administrative Expenses

Our administrative expenses increased by 66.8% to approximately RMB487 million in 2013 from approximately RMB292 million in 2012. This increase was mainly due to rising labor costs and other management expenses as we expanded our scale of operation.

Finance Costs

Our finance costs increased by 348.3% to approximately RMB260 million in 2013 from approximately RMB58 million in 2012. Most of our bank loans and senior notes were used for projects constructions. Our finance costs increased as a result of the interest of the senior notes we issued in September 2012 and January and May 2013, despite an increase in our capitalization ratio due to a growth in the number of projects under construction during the current period.

Income Tax Expenses

Our income tax expenses decreased by 6.9% to approximately RMB1,174 million in 2013 from approximately RMB1,261 million in 2012. The decrease was primarily due to an increase in land appreciation tax associated with the increased projects under construction, resulting in more deferred income tax assets.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by 6.7% to approximately RMB1,215 million in 2013 from approximately RMB1,139 million in 2012. This increase was due primarily to an increase in properties recognised in 2013 as compared to that in 2012.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2013, the Group's bank balances and cash were in the sum of approximately RMB3,632 million (2012: approximately RMB3,496 million), representing an increase of 3.9% as compared to that as at 31 December 2012. A portion of our cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 31 December 2013, the Group's restricted cash was approximately RMB856 million (2012: approximately RMB708 million), representing an increase of 20.9% as compared to that as at 31 December 2012.

Current Ratio and Gearing Ratio

As at 31 December 2013, the Group had current ratio (being current assets over current liabilities) of approximately 1.79 compared to that of 1.48 as at 31 December 2012. The gearing ratio was 104.8% as at 31 December 2013 compared to that of 63.4% as at 31 December 2012. The gearing ratio was measured by net debt (aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash) over the total equity. The total debt (being aggregated bank borrowings and senior notes) over total assets ratio continued to be healthy, maintaining at 38.6% (2012: 32.1%) as of 31 December 2013.

Borrowings and Charges on the Group's Assets

As at 31 December 2013, the Group had an aggregate borrowings and senior notes of approximately RMB6,995 million (31 December 2012: approximately RMB5,552 million) and approximately RMB4,843 million (31 December 2012: approximately RMB2,329 million), respectively. Amongst the borrowings, approximately RMB1,873 million (31 December 2012: approximately RMB1,861 million) will be repayable within 1 year, approximately RMB4,594 million (31 December 2012: approximately RMB3,337 million) will be repayable between 2 to 5 years and approximately RMB528 million (31 December 2012: approximately RMB354 million) will be repayable after 5 years. The senior notes were repayable between 2 to 7 years.

As at 31 December 2013, a substantial part of the borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, bank borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings and senior notes. During 2013, though the exchange rates of RMB against U.S. dollar and Hong Kong dollar kept on increasing, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2013, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB4,764 million (2012: RMB4,718 million).

Contingent Liabilities

As at 31 December 2013, the Group had provided guarantees amounting to approximately RMB3,163 million (2012: approximately RMB2,751 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2013 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2013, the Group had approximately 12,412 employees (31 December 2012: 7,502 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2013 amounted to approximately RMB333 million (2012: approximately RMB242 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2013, total 142,660,000 share options were granted. 25,090,000 (2012: 23,260,000) share options had lapsed during the year. Up to 31 December 2013, no share option had been exercised. As at 31 December 2013, the outstanding share options were 117,570,000. Please refer to the paragraph headed "Share Option Scheme" in this report for further details.

Business Review

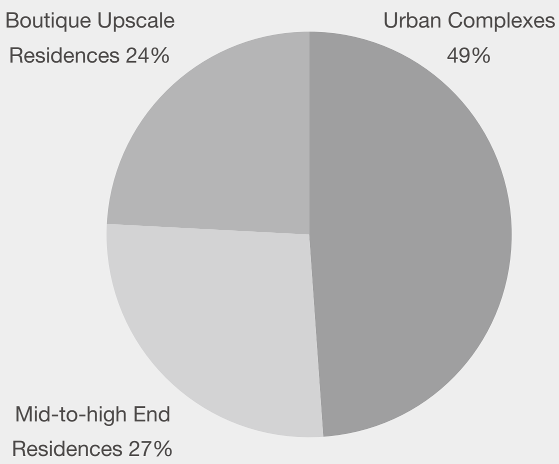
Property Development

Contract Sales and Project Development

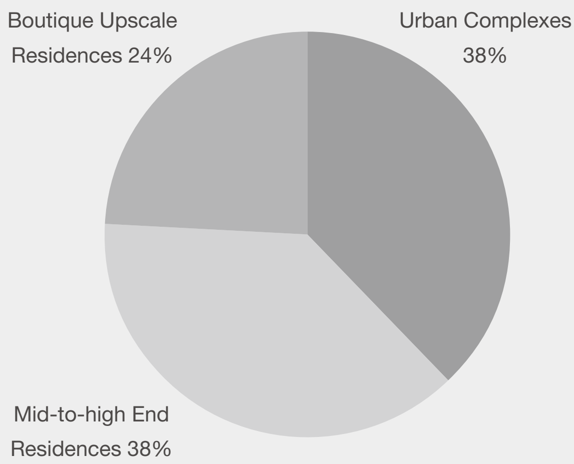
Three years after the implementation of the policies on "purchase restriction and loan restriction", the industry, customers and enterprises become more mature and the differentiation of urban development in first/second and third/fourth tier cities became more obvious. At the beginning of the year, the Group established the operating strategy of "Being Steady and Prudent", with an emphasis on the cash flows and prudent capital management, carried out proactive sales strategies and relied on "rigid demand products" and "complexes exempt from the purchase restriction" in order to over fulfill the sales target of RMB10 billion for the whole year.

During the reporting period, the Group recorded contract sales of RMB10,174 million and contract sales area of 1,292,735 square meters ("sq.m."). RMB5,044 million of the total contract sales was derived from urban complexes projects, which accounted for 50%. As the result of the policies on "purchase restriction and loan restriction", the simplification of real estate products still continue and its effect will gradually be realized. Therefore, in 2013, the Group focused on replenishing land bank (mainly for urban complexes) in Beijing and Shenzhen where such first-tier cities possess great market potential and able to generate substantial capital returns. We believe that it will generate considerable profit returns in the next 3 years.

The proportion of contract sales attributable to different categories of products



The proportion of contract sales area attributable to different categories of products

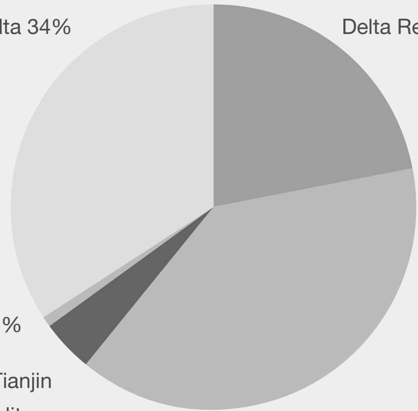


The proportion of contract sales and contract sales area attributable to different categories of products in 2013

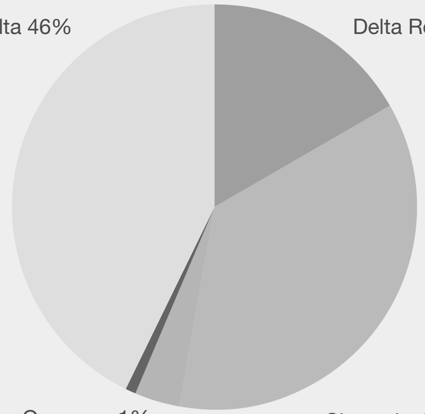
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban complexes	5,044	49	485,051	38
Mid-to-high end residences	2,718	27	494,942	38
Boutique upscale residences	2,412	24	312,742	24
Total	**10,174**	**100**	**1,292,735**	**100**

During the reporting period, the contract sales contribution of the Group's real estate business was mainly derived from 13 cities, including Chengdu, Guilin and Huizhou, and 32 projects, including Chengdu Meinian Plaza, Chengdu Funian Plaza, Chengdu Future Plaza, Guilin Fantasia Town, Huizhou Fantasia Special Town and Suzhou Fantasia Special Town, as compared to 19 projects from 10 cities in the same period last year. This reflects that, as a result of the relentless efforts over the past few years, the project companies of the Group in the cities have become more mature by virtue of the operating experience accumulated and earned good reputation and impact in the local market, which resulted in the more balanced business development of the Group and a continuous growth in the contributions from different regions.

The contract sales distribution in the five major regions in 2013



The contract sales area distribution in the five major regions in 2013



The breakdown of the Company's contract sales in the five major regions in 2013

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Chengdu-Chongqing Economic Zone	3,961	39	399,683	31
The Pearl River Delta	3,491	34	596,790	46
The Yangtze River Delta Region	2,254	22	237,383	18
Beijing-Tianjin Metropolitan Area	392	4	58,227	4
Overseas	76	1	652	1
Total	**10,174**	**100**	**1,292,735**	**100**

Chengdu-Chongqing Economic Zone

Chengdu-Chongqing Economic Zone is one of the most important drivers for economic growth in China. After a development of eleven years, the local property market has become more mature. Driven by its systematic planning for transport development, Chengdu shall become the strategic economic region for modern services industry and new and high-technology industry.

The Group entered Chengdu market in early 2001. With brand reputation we accumulated over 11 years, the Group has become one of the strongest property developers in Chengdu. In 2013, the Group actively expanded the development of Chongqing projects and strived to complete the comprehensive expansion of Chengdu-Chongqing Economic Zone. During the reporting period, despite the market saturation of the commercial properties and the persistent market pressure, Fantasia, with its favorable corporate brand image and the measures undertaken, has strengthened its leading position in the market of urban complexes.

During the reporting period, the Group recorded contract sales area of approximately 399,683 sq.m. in Chengdu-Chongqing zone and contract sales of approximately RMB3,961 million, attributing 31% and 39% of the property total contract sales area and total contract sales to the Group, respectively.

As at 31 December 2013, the Group had five projects or phases of projects under construction in Chengdu-Chongqing zone, with a total planned gross floor area ("GFA") of approximately 145,660 sq.m.. The saleable area was approximately 1,112,190 sq.m.. Other than the projects under construction, the Group still had five projects or phases of projects to be developed in Chengdu-Chongqing Economic Zone, with a total planned GFA of approximately 2,082,746 sq.m..

Pearl River Delta

Pearl River Delta, being one of the most important drivers for economic growth in China, was where Fantasia grew and developed. The Group has, since 2010, been developing a Greater Shenzhen Zone, with Shenzhen being the center and Huizhou and Dongguan being the radiated regions, while speeding up the business development in Guilin market as to further expand our strategic penetration and coverage around the Pearl River Delta.

During the reporting period, the Group recorded contract sales area of approximately 596,790 sq.m. in Pearl River Delta; and recorded contract sales of approximately RMB3,491 million, attributing 46% and 34% of the Group's total contract sales area and total contract sales, respectively.

As at 31 December 2013, the Group had twelve projects or phases of projects under construction in Pearl River Delta, with a total planned GFA of approximately 1,745,333 sq.m. and estimated saleable area of approximately 1,285,919 sq.m.. The Group also had six projects or phases of projects to be developed, with a total planned GFA of approximately 1,505,578 sq.m..

Beijing-Tianjin Metropolitan Area

Beijing-Tianjin Metropolitan Area, which is the third pole for China's economic growth as well as the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, enjoys a prominent strategic position. This area, benefiting from being the national political, economic and cultural center, has made itself one of the most attractive areas in China. During the reporting period, based on the existing projects, the Group actively expanded industry projects, which is the core direction of real estate transformation in the first-tier cities.

During the reporting period, the Group reported contract sales area of approximately 58,227 sq.m. and contract sales of RMB392 million in Beijing-Tianjin Metropolitan Area, representing 4.5% and 3.9% of the property total contract sales area and total contract sales of the Group, respectively.

As at 31 December 2013, the Group had one project or phase of project under construction in Beijing-Tianjin Metropolitan Area, with an aggregate planned GFA of approximately 90,342 sq.m., and estimated saleable area of approximately 85,681 sq.m., and also four projects or phases of projects to be developed, with an aggregate planned GFA of approximately 785,091 sq.m..

Yangtze River Delta

Yangtze River Delta is the region which enjoys the strongest integrative strength and the most-balanced development. Due to its extensive geographic coverage and strategic development, the region shall become an important focus for the growth of China's real estate industry. The Group paid continuous attention to the Group's current projects as well as the first tier cities that have great growth potential with the region. During the reporting period, with its thorough understanding of the needs of customers and outstanding overall operation, the Group recorded excellent sales performance in Suzhou Fantasia Special Town. At the same time, the Group also actively promoted the implementation of housing industrialization in Suzhou Lago Paradise Land projects.

During the reporting period, the Group recorded contract sales area of approximately 237,383 sq.m., and contract sales of approximately RMB2,254 million in the Yangtze River Delta, representing 18% and 22% of the property total contract sales area and total contract sales of the Group.

As at 31 December 2013, the Group had four projects or phases of projects under construction in Yangtze River Delta, with the aggregate planned GFA of approximately 861,293 sq.m., and estimated saleable area of approximately 593,355 sq.m., and two phases of projects to be developed, with the aggregate planned GFA of approximately 241,792 sq.m..

Overseas

Singapore is the first stop where the Group advanced into overseas real estate market and has an important strategic meaning to the international development of the Group.

During the reporting period, the Group recorded contract sales area of 652 sq.m., and contract sales of approximately RMB76 million overseas, representing 0.1% and 0.7% of the property total contract sales area and total contract sales of the Group.

As at 31 December 2013, the Group had one overseas project to be developed, with the aggregate planned GFA of approximately 13,023 sq.m..


6 Derbyshire

Newly Commenced Projects

During the reporting period, the Group had eighteen projects or phases of projects which were newly commenced, with a total planned GFA of approximately 2,354,857 sq.m..

The breakdown of newly commenced projects in 2013

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	Aggregate GFA
						sq.m.
Pearl River Delta						
1	Phase 4 of Huizhou Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	2016	100%	156,144
2	Phase 5 of Huizhou Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	2015	100%	149,981
3	Phase 2 and 3 of Guilin Fantasia Town	Lingui New District, Guilin City	Residential and Commercial	Phase 2: 2015 Phase 3: 2016	100%	298,619
4	Block C of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	2015	100%	206,788
5	Block D of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	2015	100%	123,000
6	Block E of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	2016	100%	119,709
7	Shenzhen Xingnian Plaza	Nanshan District, Shenzhen City	Office	2014	62%	52,468
8	Shenzhen Longnian International Centre	Longgang District, Shenzhen City	Office	2016	100%	38,482
9	Dongguan Wonderland	Huangjiang Town, Dongguan City	Commercial	2016	100%	20,595
Chengdu-Chongqing Economic Zone						
1	Phase 1 and 2 of Chengdu Longnian International Center	Pi County, Chengdu City	Residential and Commercial	2015	100%	202,342
2	Phase 2 of Chengdu Grande Valley	Pujiang County, Chengdu City	Residential and Commercial	2014	100%	37,026
3	Phase 2 of Chengdu Meinian Plaza	Chengdu High-technology Zone, Chengdu City	Educational	2015	100%	72,972
4	Phase 5 of Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	2016	100%	367,298
Yangtze River Delta						
1	Suzhou Fantasia Special Town	Taihu National Tourism Vacation Zone, Suzhou City	Residential	2015	100%	136,485
2	Suzhou Hailrun Plaza	Shishan Road, New District, Suzhou City	Residential,Commercial and Ancillary	2016	100%	170,309
3	Ningbo Beilun Project	Beilun District, Ningbo City	Residential and Commercial	2016	100%	112,297
Beijing-Tianjin Metropolitan Area						
1	Phase 1.2 of Tianjin Love Forever	Wuqing District, Tianjin City	Residential	2014	100%	31,611
2	Phase 1.3 of Tianjin Love Forever	Wuqing District, Tianjin City	Residential	2015	100%	58,731
Total						**2,354,857**

Completed Projects

During the reporting period, the Group completed fourteen projects or phases of projects, with a total GFA of approximately 1,240,575 sq.m..

The breakdown of completed projects in 2013

Project-serial number	Project name	Gross floor area	Gross saleable area	Area held for sale		Area held by the Company	Contract sales area during 2013
				Area for sale	Contract sales area		
		sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Pearl River Delta							
1	Phase 2 of Dongguan Wonderland	75,557	64,830	–	–	–	–
2	Phase 3.1 of Dongguan Wonderland	71,660	43,393	–	–	–	–
3	Phase 1 of Guilin Fantasia Town	272,574	264,053	4,845	259,208	4,022	88,922
4	Phase 1 of Shenzhen Able	34,430	34,430	–	–	34,430	–
5	Phase 1 of Huizhou Love Forever	97,376	67,880	7,099	60,782	–	40,691
Chengdu-Chongqing Economic Zone							
1	Chengdu Funian Plaza	180,275	132,163	–	–	–	25,762
2	Phase 4.1 of Chengdu Fantasia Town	50,866	50,871	–	50,871	–	25,558
3	Dali Human Art Wisdom	77,408	64,488	3,352	61,136	–	12,573
Yangtze River Delta							
1	Nanjing Yuhuatai Project	94,774	45,194	28	45,166	21,979	20,704
2	Block 1.1 of Suzhou Lago Paradise Land Plot No. 4	40,018	22,416	5,542	16,874	–	4,465
3	Suzhou Lago Paradise Land Plot No. 6	21,042	12,291	9,755	2,537	–	2,537
4	Phase 2 of Wuxi Love Forever	46,417	41,434	18,404	23,030	–	23,030
5	Wuxi Hailrun Complex	103,051	83,142	83,093	25,268	–	10,930
Beijing-Tianjin Metropolitan Area							
1	Phase 1.1 of Tianjin Love Forever	75,127	53,121	1,399	51,722	–	14,913
Total		**1,240,575**	**979,706**	**133,516**	**596,593**	**60,431**	**270,084**

Projects Under Construction

As at 31 December 2013, the Group had twenty projects or phases of projects under construction, with a total planned GFA of approximately 4,075,945 sq.m. and a planned saleable area of approximately 3,025,772 sq.m., among which had an accumulated contracted area of approximately 1,169,873 sq.m..

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Area held for sale		Expected area held by the Company	Contract sales area during 2013	Product Category
								Area for sale	Contract sales area			
						sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	
Shenzhen												
1	Xingnian Plaza	Nanshan District, Shenzhen City	Commercial and financial use land	61%	2014	52,468	20,000	–	–	20,000	–	Urban complex
2	Longqi Bay	Longgang District, Shenzhen City	holiday apartment	100%	2014	38,139	28,223	–	–	–	–	Boutique upscale residence
Huizhou												
1	Phase 3, 4 and 5 of Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	100%	Phase 3: 2014 Phase 4: 2015 Phase 5: 2014	466,375	363,963	177,812	186,151	–	149,296	Mid-to-high end residence
2	Love Forever	Huangyuyong, Daya Bay, Huizhou City	Residential and Commercial	100%	2014	41,390	39,567	100,848	26,133	–	33,651	Mid-to-high end residence
Dongguan												
1	Phase 3.2 of Wonderland	Huangjiang Town, Dongguan City	Residential and Commercial	100%	2014	86,965	84,725	1,543	83,181	–	60,206	Boutique upscale residence
Guilin												
1	Phase 2 and 3 of Guilin Fantasia Town	Lingui New District, Guilin City	Residential and Commercial	100%	Phase 2: 2015 Phase 3: 2016	358,320	213,971	325,186	99,336	70,523	99,336	Urban complex
2	Phase 1.1 and 2 of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	100%	Phase 1: 2014 Phase 2: 2015	244,423	175,816	124,850	50,966	–	36,329	Boutique upscale residence
3	Block D of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and Commercial	100%	2015	123,000	99,350	–	–	–	–	Boutique upscale residence
4	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and Commercial	100%	2016	119,709	89,800	–	–	–	–	Boutique upscale residence

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Area held for sale		Expected area held by the Company	Contract sales area during 2013	Product Category
								Area for sale	Contract sales area			
						sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	
Chengdu												
1	Phase 2.2 of Grande Valley	Pujiang County, Chengdu City	residential land use	100%	2014	42,723	42,723	17,110	25,613	–	22,862	Boutique upscale residence
2	Phase 4.2 of Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	100%	Phase 4.2: 2014	129,371	83,628	5,186	78,442	–	–	Mid-to-high end residence
3	Phase 5 of Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	100%	2015	371,682	280,272	67,624	83,261	–	83,261	Mid-to-high end residence
4	Phase 2 and 2.3 of Meinian International Plaza	Chengdu High-technology Zone, Chengdu City	Residential, commercial and educational	100%	Phase 2: 2015 Phase 2.3: 2016	497,844	424,872	23,634	65,765	72,972	70,294	Urban complex
5	Phase 1 and 2.1 of Longnian International Center	Pi County, Chengdu City	Residential and Commercial	100%	2015	415,020	280,695	212,962	49,569	18,164	41,036	Urban complex
Tianjin												
1	Phase 1.2 and 1.3 of Love Forever	Wuqing District, Tianjin City	residential land use	100%	2014	90,342	85,681	41,558	44,123	–	42,738	Boutique upscale residence
Suzhou												
1	Fantasia Special Town	Taihu National Tourism Vacation Zone, Suzhou City	Residential	100%	2015	136,485	122,442	–	–	–	–	Boutique upscale residence
2	Suzhou Hailrun Plaza	Binhe Road West, Shangxin District, Suzhou City	Residential and Commercial	100%	2016	336,589	197,221	–	–	–	–	Urban complex
Wuxi												
1	Phase 3 and 4 of Love Forever	New District, Wuxi City	Residential and Commercial	100%	2015	130,694	103,480	35,986	26,224	–	26,224	Boutique upscale residence
North Sea												
1	Mangrove	North Sea City	Residential and Commercial	100%	2015	176,899	141,547	–	71,158	–	71,158	High end residence
Ningbo												
1	Love Forever	Beilun District, Ningbo City	Residential and Commercial	100%	2015	217,507	147,796	35,572	25,838	–	25,838	Boutique upscale residence
Total						4,075,945	3,025,772	1,169,873	915,760	181,659	762,230	

Projects Held for Development

As at 31 December 2013, the Group had eighteen projects or phases of projects held for development, with a total planned GFA of approximately 4,628,230 sq.m..

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA	Average cost of floor area
					sq.m.	RMB/sq.m.
Shenzhen						
1	Nanshan District Project (T.C.L. Project)	Nanshan District, Shenzhen City	Industrial, commercial and financial	100%	39,587	7,970
2	Zhizhou Building Project	Shekou District, Shenzhen City	Commercial and financial	61%	37,500	2,754
3	Huachuang Project	Longgang District, Shenzhen City	Industrial plant and carpark	60%	90,000	
4	Able Project	Longgang District, Shenzhen City	Industrial plant and carpark	100%	99,541	784
Subtotal					*266,628*	

Huizhou Fantasia Special Town

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA	Average cost of floor area
					sq.m.	RMB/sq.m.
Suzhou						
1	Remaining phases of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial	100%	222,372	2,271
Subtotal					*222,372*	
Wuxi						
1	Remaining phases of Wuxi Love Forever	New District, Wuxi City	Residential and commercial	100%	19,420	4,043
Subtotal					*19,420*	
Huizhou TCL Project						
1	Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and Commercial	100%	705,573	
Subtotal					*705,573*	
Wuhan						
1	TCL Property	Wuhan	Residential and Commercial	100%	501,523	
Subtotal					*501,523*	
Dongguan						
1	Wonderland	Huangjiang Town, Dongguan City	Residential and commercial	100%	38,558	934
Subtotal					*38,558*	
Guilin						
1	Remaining phases of Lakeside Eden	Lingui New District, Guilin City	Residential and commercial	100%	1,200,392	393
Subtotal					*1,200,392*	
Chengdu						
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary	100%	283,304	823
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial	100%	1,490,370	281
3	Remaining phases of Meinian International Plaza	High-technology Zone, Chengdu City	Educational	100%	23,903	669
4	Remaining phases of Chengdu Longnian International Center	Pi County, Chengdu City	Residential and commercial	100%	155,355	781
5	Chengdu Pi County	Pi County, Chengdu City	Residential and commercial	100%	129,814	1,196
Subtotal					*2,082,746*	
Beijing						
1	Qingnian Road Project	Qingnian Road, Beijing	Commercial, office and carpark	100%	140,000	
Subtotal					*140,000*	
Tianjin						
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential	100%	376,949	
2	Meinian International Plaza	Hexi District, Tianjin	Office	100%	99,803	
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism	100%	168,339	
Subtotal					*645,091*	
Singapore						
1	Ultra Mansion	Novena, Singapore	Residential and commercial	100%	13,023	56,111
Subtotal					*13,023*	
Total					4,628,230	

Our Land Bank

During the reporting period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai and Shenzhen, which enjoy strong market potential and are capable of delivering prosperous return. As at 31 December 2013, the planned GFA of the Group's land bank amounted to approximately 8.70 million sq.m., and the planned GFA of properties with framework agreements signed amounted to 8.13 million sq.m..

Summary of our land bank by regions as at 31 December 2013

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of land bank	Proportion
	sq.m.	sq.m.	sq.m.	sq.m.	
Chengdu-Chongqing Economic Zone				**7,704,385**	**45.8%**
Chengdu	1,456,640	2,082,746	3,364,599	6,903,985	
Kunming	–	–	800,400	800,400	
The Pearl River Delta				**6,465,188**	**38.4%**
Shenzhen	90,607	266,628	2,546,349	2,903,584	
Huizhou	507,765	–	705,573	1,213,338	
Dongguan	86,965	38,558	–	125,523	
Guilin	845,452	1,200,392	–	2,045,844	
Beihai	176,899	–	–	176,899	
Beijing-Tianjin Metropolitan Area				**950,433**	**5.6%**
Beijing	–	140,000	75,000	215,000	
Tianjin	90,342	645,091	–	735,433	
The Yangtze River Delta				**1,201,067**	**7.1%**
Suzhou	473,074	222,372	–	695,446	
Wuxi	130,694	19,420	–	150,114	
Shanghai	–	–	38,000	38,000	
Nanjing	–	–	100,000	100,000	
Ningbo	217,507	–	–	217,507	
Overseas				**13,023**	**0.1%**
Singapore	–	13,023	–	13,023	
Central China				**501,523**	**3.0%**
Wuhan	–	–	501,523	501,523	
Total	**4,075,945**	**4,628,230**	**8,131,444**	**16,835,619**	

Community Services and Property Management

During the reporting period, the property operation business of the Group maintained rapid growth while Colour Life Services Group Co., Limited ("Colour Life Group") continued to expand its management areas through engagement and acquisition. As at 31 December 2013, Colour Life Group had contracted management areas over 100,000,000 sq.m. and contracted management projects over 650 in total. Currently, projects managed by Colour Life Group cover over 50 cities in total, including provincial capitals, such as Beijing, Tianjin, Shenyang, Harbin, Shanghai, Xi'an, Changsha, Guangzhou, Nanchang, Nanjing, Chengdu and Nanning, and cities in the Yangtze River Delta, such as Suzhou, Wuxi and Yangzhou as well as cities in the Pearl River Delta, such as Foshan, Zhuhai, Zhongshan and Huizhou, initially forming a regional layout convening seven major regions, including Shenzhen, Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China and Central China. Currently, Colour Life Group has become a large-scale property service group, comprising 6 corporations with the certificate of National Class 1 Aptitude on Property Management and 11 corporations with the certificate of National Class 2 Aptitude on Property Management, signifying a further enhancement and expansion of the influence of the reputation of the community services branding of Colour Life Group. In the past year, Colour Life Group also achieved considerable progress in its online services business and further enhanced its competition advantages of online and offline community service platform.

During the reporting period, the labour cost of property services industry continued to increase. In order to tackle the challenges brought by such increase and further enhance the efficiency of the property service, the Group has upgraded and modified the Colour Life V2.1 model on the basis of information technology infrastructure in some of the projects under our management. At the same time, we launched the website of Colour Life Cloud and its corresponding application on mobile equipment to provide convenience in paying fees, equipment repair and working complaint on service for community owners which strengthened the interactions and communications between us and the community owners. We believe this will further strengthen our ability to accommodate the demand for community services in an era of mobile internet and contribute to duplicate our community management model and seamlessly integrating the offline business to online business and strongly guaranteed the quality of fundamental property services which has been the focus of our control, so as to further enhance our competitive advantages in fundamental property management.

In 2014, we will make continuous efforts in enhancing the quality of property management of basic properties, further promote upgrading and modifying Colour Life V2.1 model for 400 communities managed under Colour Life Services Group and launch more interactive programs for community residents and owners in our online platform to reinforce the brand effect of the community service platform of Colour Life; deepen the strategic layout of Colour Life nationwide to make the online and offline community service platform more efficient in scale; continuously develop and boost Colour Life's ability to integrate the peripheral commercial resources of the community and attract more commercial entities to provide goods and services to residents and owners of communities managed under Colour Life in the Colour Life Cloud platform so as to strengthen customers' loyalty to the community service platform of Colour Life and develop Colour Life Services Group Co., Limited as a leading community service provider in the PRC.

Hotel Management

In 2013, Fantasia Hotel Management Limited (花樣年酒店管理有限公司) expanded rapidly, from Rhombus Fantasia Chengdu Hotel, U Hotel in Shenzhen and Grande Valley International Country Club that commenced operations in 2012 to Town on the Water Holiday Hotel, Belle Eqopue HYDE Hotel and Kangcheng Sunshine Regency Hotel that were taken over in Yixing, Chengdu and Ningbo, respectively. During the reporting period, our hotel projects in Chengdu, Tianjin and Guilin had progressed smoothly.

In 2013, Rhombus Fantasia Chengdu Hotel, the flagship hotel of Fantasia Group in Chengdu, was awarded The Best Business Hotel by China City Travel and sponsored the first "Fantasia – Night of Fortune – Grammy All-stars Concert" held in China in June and successfully entertained over 30,000 international and domestic superstars and guests.

In 2014, Fantasia will corporate with internationally well-known hotel management enterprise Starwood Hotels & Resorts Worldwide, Inc. to develop, construct and manage Guilin Lingui Fantasia Four Points by Sheraton in Lingui New District of Guilin City, manage Lakeside Eden catering projects in Guilin, and manage its own boutique U hotels in Tianjin and Chengdu. In the next 3 to 5 years, besides in China, Fantasia will expand its businesses to New York in U.S. and Taipei in Taiwan.

Business Management Services

Since urban complex is an important category among the real estate products of the Group, and under the Group's corporate mission for pursuing innovative business model and offering a wider coverage of business with its experience accumulated over the past 16 years, Shenzhen Fantasia Business Management, a subsidiary of the Group, during the reporting period, successfully attracted numerous talents of the industry, and actively participated in the Group's certain large scale business invitation, business planning and investment invitation projects. The business invitation rate of Nanjing Yuhuatai Project (南京花生唐) under its leadership reached 76% and successfully introduced large scale renowned chain brands, including Jackie Chan Cinema and China Resources Suguo. The business invitation rate of Guilin Huashengtang (桂林花生唐) under its leadership reached 70% and successfully entered into a leasing contract with the giant of international fast fashion brand, "H&M" and established a cooperation relationship, which marked the international fast fashion brand's first entrance into Guilin market. At the same time, Chengdu Pixian Huashengtang (成都郫縣花生唐) and Chengdu and Suzhou Hongtang projects with larger scale, more plentiful business activities and higher position, were intensely prepared to be launched. As a result, the brand image and recognition of Fantasia's business projects have been improved significantly and gained unique brand influence in the industry. We believe that Fantasia Business Management will earn a stable and constantly increasing return in the future.

Shenzhen Funian Plaza

DIRECTORS' PROFILE

Mr. PAN Jun (潘軍), aged 43, is the chairman of our board, an executive Director, the chief executive officer, the chairman of our Company's nomination committee, and a member of our Company's remuneration committee. He joined our Group in 1999 and is responsible for the overall operation of our Group's projects, the formulation of our development strategies, as well as supervising the project planning, business and operation management of our Group. He is also currently the president of Fantasia Group (China) Company Limited, the president of Shenzhen Fantasia Real Estate Group Limited and the director of a number of the Group's subsidiaries. Mr. Pan has over 17 years of experience in the real estate development industry in China and prior to joining our Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問(深圳)有限公司). Mr. Pan obtained a Bachelor's degree in conservancy and hydropower engineering from Chengdu University of Science and Technology (成都科技大學) in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

Ms. ZENG Jie, Baby (曾寶寶), aged 43, is an executive Director of our Company. She is also a member of our Company's nomination committee. From 1994 to 1996, Ms. Zeng was the general manager of Shenzhen Kingkey Property Development Company Limited (深圳京基房地產開發有限公司). In 1996, Ms. Zeng established Fantasia Group (China) Company Limited. During the period from 2006 to 2011, Ms. Zeng was the chairlady of Fantasia Group (China) Company Limited and Shenzhen Fantasia Real Estate Group Limited. She is one of the controlling shareholders and the largest shareholder of the Company. Ms. Zeng holds an EMBA degree from Cheung Kong Graduate School of Management (長江商學院).

Mr. LAM Kam Tong (林錦堂), aged 45, is an executive Director, the chief financial officer and the company secretary of our Company. Mr. Lam joined our Group in May 2012 and is responsible for financial management, investor relations, and legal affairs of our Group, as well as the operation of Colour Life Services Group and Property International Company (物業國際公司). He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam received his bachelor degree in business administration from the Chinese University of Hong Kong in July 1991. He has over 14 years of experience in professional auditing as well as extensive experience in the areas of investor relations, auditing, mergers and acquisitions and offshore financing. Mr. Lam is currently an independent non-executive director of Pegasus Entertainment Holdings Limited (天馬娛樂控股有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange. Before joining our Group, Mr. Lam was an executive director, the chief financial officer and company secretary of China Aoyuan Property Group Ltd. (中國奧園地產股份有限公司), a company listed on the Main Board of the Stock Exchange, for over three years. From May 2006 to October 2010, Mr. Lam was the chief financial officer, company secretary and qualified accountant for Greentown China Holdings Ltd. (綠城中國控股有限公司), another listed company on the Main Board of the Stock Exchange. He has resigned as an independent non-executive director of Sheng Yuan Holdings Limited (盛源控股有限公司), a company listed on the Main Board of the Stock Exchange, since 1 March 2014.

Mr. ZHOU Jinquan (周錦泉), aged 47, the executive director of our Company and the vice president of Fantasia Group (China) Co., Ltd. Mr. Zhou joined our group in January 2013 and is responsible for the financial development department as well as the micro credit and financial leasing business. Prior to joining our Group, he was the deputy president of China Resources Bank of Zhuhai Head Office (珠海華潤銀行總行) from 2011 to 2013, the deputy president of Guangxi Beibu Gulf Bank Head Office (廣西北部灣銀行總行) from 2008 to 2011, the assistant of the president of Guosen Securities Co., Ltd. (國信證券股份有限公司), the general manager of International Department of Guoyuan Securities Co., Ltd. (國元證券有限公司) from 2001 to 2004, the deputy general manager of International Department, the general manager of Business Department and Institution Department of Industrial and Commercial Bank Co., Ltd., Shenzhen Branch (工商銀行股份有限公司深圳分行) from 1994 to 2001, the staff member of General Office of Guangdong Provincial Government Institute of International Economic Technology (廣東省政府辦公廳國際經濟技術研究所) from 1992 to 1994 and the staff member of Industrial and Commercial Bank Co., Ltd., Beijing Branch, Haidian Office (工商銀行股份有限公司北京分行海澱分理處) from 1989 to 1990. Mr. Zhou obtained a Bachelor's degree in Finance from Renmin University of China in 1989 and a Master's degree in Finance from Renmin University of China in 1992.

Mr. WANG Liang (王亮), aged 44, is the vice president of Fantasia Group (China) Company Limited. He is also the director and supervisor of a number of the Group's subsidiaries. Mr. Wang joined our Group in April 2006 and is primarily responsible for the investment management and internal control, senior housing and health businesses of the Group. Prior to joining our Group, he was the director of the financial management department of Huafu HK Co. Limited (香港華孚集團) and the general manager of the financial management department of one of its subsidiaries from 2005 to 2006, the assistant to the general manager of the financial management department of Shenzhen Feishang Industry Group Co., Ltd. (深圳市飛尚實業發展（集團）有限公司) in 2005 and the deputy manager of the finance department of Shenzhen Southern Zhongji Containers Manufacture Co. Ltd. (深圳南方中華集裝箱製造有限公司) from 1994 to 2001. Mr. Wang received a Bachelor's degree in business economics from Yangzhou Normal University (揚州師範學院) in 1992.

NON-EXECUTIVE DIRECTORS

Mr. LI Dong Sheng (李東生), age 56, is a non-executive Director. He graduated from South China University of Technology in 1982 with a Bachelor degree in radio technology and has more than 18 years of experience in the information technology field. Currently, Mr. Li is the Chairman and CEO of TCL Corporation (TCL集團股份有限公司), the Chairman of TCL Multimedia Technology Holdings Limited ("TCL Multimedia") and TCL Communication Technology Holdings Limited ("TCL Communication"), both of which are companies listed on the Stock Exchange, all of which produce consumer electronic products. He is also an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange, and an independent director of Legrand, a company listed on NYSE Euronext.

Mr. Yuan Hao Dong (袁浩東), age 41, is a non-executive Director. He graduated from Huazhong University of Science and Technology in December 2000 with a Master degree in Business Administration and Management and has more than 10 years of working experience in financial management, corporate finance and merger and acquisition areas. Mr. Yuan joined TCL Corporation in 2000 as the senior manager of the strategic development department and between 2002 and 2009, was the finance manager of various subsidiaries of TCL Corporation and the vice general manager of the strategic investment centre, who was generally responsible for planning and carrying out reorganisation and merger and acquisition activities. Since 2012, He has been the general manager of the investment banking department of TCL Corporation. He is generally responsible for building capital platforms, implementing capital finance strategies, carrying out investments and acquisition and disposal of assets. Mr. Yuan was also the chief financial officer of Shenzhen Huaxing Electric Technology Co., Ltd. (深圳市華星光電技術有限公司) in 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HO Man (何敏), aged 44, is an independent non-executive Director. He is also the chairman of our Company's audit committee and a member of each of our Company's remuneration committee and nomination committee, respectively. Mr. Ho holds a Master of Science degree in Finance from the London Business School and is a Chartered Financial Analyst and Certified Public Accountant. Mr. Ho has over 15 years of experience in private equity and financial industry. He joined Chepstow Capital Advisers Limited, a Hong Kong based mid-market private equity house, as managing director in January 2010 and until December 2013, he was responsible for deal sourcing, evaluation and structuring, negotiation, post investment monitoring and realization, with particular emphasis on Hong Kong and the PRC. Prior to this, Mr. Ho joined CLSA Capital Partners (HK) Limited ("CLSA") in August 1997 and until October 2009 was the managing director, head of China Growth and Expansion Capital of CLSA. Mr. Ho was a non-executive director and a member of the audit committee of SCUD Group Limited (飛毛腿集團有限公司), a company listed on the Main Board of the Stock Exchange, and a non-executive director and an audit committee member of Shanghai TonvaPetrochemical Co., Ltd. (上海棟華石油化工股份有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange, until October 2009. He is also presently an independent non-executive director and chairman of audit committee of Fu Shou Yuan International Group Limited (福壽園國際集團有限公司) a company listed on the Main Board of the Stock Exchange.

Mr. LIAO Martin Cheung Kong, JP (廖長江), aged 56, is an independent non-executive Director. He is also a member of each of the audit committee, the remuneration committee and the nomination committee, respectively. Mr. Liao was appointed a Justice of the Peace in 2004. He is elected Deputy (representing Hong Kong SAR) to the 12th National People's Congress of the People's Republic of China. In Hong Kong, Mr. Liao serves as a Member of the Legislative Council of the Hong Kong SAR, Chairman of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, a Council and Court member of the University of Hong Kong and Chairman of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Review Tribunal. Mr. Liao graduated with a Bachelor of Economic Science (Hons) degree and a Master of Laws degree from University College London. Mr. Liao was Called to the Bar in England and Wales in 1984 and was Called to the Bar in Hong Kong in 1985 and is a practising barrister in Hong Kong. Mr. Liao is also an advocate and solicitor admitted in Singapore since 1992.

Mr. HUANG Ming (黃明), aged 49, is an independent non-executive Director. He is also the chairman of the Company's remuneration committee and a member of each of our Company's audit committee and nomination committee, respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and the Head of School of Finance of Shanghai University of Finance & Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. Mr. Huang was also the Associate Dean and visiting Professor of Finance and the Professor of Finance at the Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and from 2008 to 2010 respectively. Since July 2010, Mr. Huang has been a Professor of Finance at the China Europe International Business School (中歐國際工商學院). Mr. Huang graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a Ph.D in Physics and a Ph.D in Business from Cornell University and Stanford University respectively. Mr. Huang is a non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會) and Yingli Green Energy Holdings Co Ltd (英利綠色能源控股有限公司) since 2007 and 2008, respectively. He has also been appointed as a non-executive director of Qihoo 360 Technology Co. Ltd. (奇虎360科技有限公司), a company listed on the New York Stock Exchange, in 2011. Mr. Huang is currently a non-executive director of 360buy Group (京東商城集團), Guosen Securities Company Limited (國信證券有限公司), and Tebon Securities Co. Ltd. (德邦證券有限公司).

Mr. XU Quan (許權), aged 71, is an independent non-executive Director. He is also a member of each of our Company's audit committee, remuneration committee and nomination committee, respectively. Mr. Xu is a qualified real estate senior engineer and real estate valuer. Mr. Xu obtained a Postgraduate Programme Diploma in Shenzhen Real Property from Jinan University (暨南大學) in 1992. In 1993, Mr. Xu was qualified as a real estate senior engineer (房地產高級工程師) and later in 1995, obtained his qualification as an individual member in the Guangdong Real Property Valuer Association (廣東省房地產估價師學會). Since 2003, Mr. Xu has been the Chairman of Shenzhen Real Estate Association (深圳市房地產業協會).

SENIOR MANAGEMENT'S PROFILE

Senior Management

Mr. JIAO Chuhua (焦曙華), aged 44, is the vice president of Fantasia Group (China) Company Limited. Mr. Jiao joined our Group in December 2011 and is responsible for the business of Fantasia Foundation (花樣年基金). Prior to joining our Group, he was the director of Gaosheng Consultancy Co., Ltd. (高盛顧問有限公司) from 2005 to 2011, the deputy general manager of the asset management and investment department of Kaili Asset Management Co., Ltd. (凱利資產管理有限公司) from 2002 to 2005 and the audit manager of the Anderson HuaQiang CPA accounting firm from 1997 to 2002. Mr. Jiao received a Bachelor's degree in Finance from Jiangxi College of Finance and Economics (江西財經學院) (now known as Jiangxi University of Finance and Economics (現稱為江西財經大學)) in 1991.

Ms. LI Chuanyu (李傳玉), aged 45, is the deputy chief executive of Shenzhen Fantasia Real Estate Group Limited and is authorized to perform the duties of the chief executive. She is responsible for the financial management department, fund planning department, cost control department of the control center, the operation center and the output management project company. She is also the director of a number of subsidiaries of our Group. Ms. Li joined our Group in May 2001 and was the chief financial officer of Shenzhen Fantasia Real Estate Group Limited and the chief financial officer and the general manager of the financial management department of Fantasia Property Group Limited from 2001 to 2011. Prior to joining our Group, she was the deputy general manager of the financial department of Shenzhen Zhujiang Industry Company (深圳珠江實業公司) from 1996 to 2001. Ms. Li received a Master's degree in international accounting (國際會計) from the City University of Hong Kong in 2006.

Mr. LIU Zongbao (劉宗保), aged 44, is the vice president of Shenzhen Fantasia Real Estate Group Company Limited and is responsible for the sales management and products development department of the sales center. He is also the director of a number of subsidiaries of our Group. Mr. Liu joined our Group in March 2005 and he was the sales director of our Company and the deputy general manager and general manager of the Chengdu branch of Fantasia Real Estate Group. Prior to joining our Group, he was the deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and the manager of the sales and marketing department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991. He is now studying in China Europe International Business School for EMBA.

Mr. ZHU Xuan (朱宣), aged 44, is the vice president of Shenzhen Fantasia Real Estate Group Limited and is responsible for the product development department, the quality and technology department and the design management department of the product center. Mr. Zhu joined our Group in March 2013. Prior to joining our Group, he was the vice president of Yanhai Real Estate Investment (China) Company Limited (沿海地產投資（中國）有限公司) from 2012 to March 2013, the general manager of Zhonghui Xiyuan Group Construction Design Centre (中惠熙元集團工程設計中心) and the director of its district office in Guangzhou from 2010 to 2012, the chief architect of Shenzhen Excellence Property Group Limited (深圳卓越置業集團公司) and the assistant to the general manager of its Shenzhen office from 2006 to 2009, the deputy general manager and the chief engineer of SuzhouYoungor Property Company Limited (蘇州雅戈爾置業公司) from 2005 to 2006, the director and the general manager of Bowen Environmental Arts Design Company Limited (博聞環境藝術設計公司) from 2002 to 2005, the senior manager of the general construction and innovation enhancement centre of Rongkezhidi Real Estate Development Company Limited (融科智地房地產開發有限公司) under the Lenovo Group (聯想集團) from 1998 to 2002, the chief engineer of Jianyi Decoration Design Construction Company Limited (建藝裝飾設計工程有限公司) from 1995 to 1998, and the manager of the design department of Shenzhen Huahui Decoration Design Construction Company Limited (深圳華輝裝飾設計工程有限公司) from 1991 to 1993. Mr. Zhu received a Bachelor's degree in architecture from South China University of Technology (華南理工大學) in 1991.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors is pleased to present 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. The activities of its principal subsidiaries are set out in note 51 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income on page 60.

Dividends Distribution

The Directors recommend the declaration of a final dividend at the rate of HK$6.68 cents per share payable to all persons registered as holders of Shares on Tuesday, 20 May 2014 to Wednesday, 21 May 2014, both days inclusive. The aggregate amount shall be paid out of the Company's share premium account. The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 14 May 2014 ("AGM"), the register of members of the Company will be closed on Thursday, 8 May 2014 to Wednesday, 14 May 2014, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 19 May 2014.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Tuesday, 20 May 2014 to Wednesday, 21 May 2014, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 May 2014.

Share Capital

Details of change during the year in the share capital of the Company are set out in note 41 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

Suzhou Hailrun Plaza

Suzhou Lago Paradise

Distributable Reserves of the Company

Distributable reserves of the Company as at 31 December 2013, calculated under the Cayman Islands Companies Law, amounted to RMB1,928,285,000 (2012: RMB2,705,875,000) representing share premium of RMB1,876,311,000 and accumulated profits of RMB51,974,000.

Directors and Directors' Service Contracts

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

Executive Directors:
Mr. Pan Jun (Chairman)
Ms. Zeng Jie, Baby
Mr. Lam Kam Tong
Mr. Zhou Jinquan (appointed on 28 March 2013)
Mr. Wang Liang (appointed on 6 January 2014)

Non-executive Directors:
Mr. Li Dong Sheng (appointed on 6 January 2014)
Mr. Yuan Hao Dong (appointed on 6 January 2014)

Independent non-executive Directors:
Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
Mr. Huang Ming
Mr. Xu Quan

In accordance with Article 83(3) of the Articles of Association, Mr. Wang Liang, Mr. Li Dong Sheng and Mr. Yuan Hao Dong shall hold office until the forthcoming annual general meeting and shall then be eligible for re-election. In accordance with Article 84 of the Articles of Association, Messrs. Liao Martin Cheung Kong, JP, Huang Ming and Xu Quan shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM. A circular containing the explanatory statement on repurchase by the Company of the Shares, the biographical details of the Director candidates and the notice of the AGM will be sent to Shareholders.

Each of Mr. Pan Jun and Ms. Zeng Jie, Baby entered into a service contract with the Company for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2012 for another terms of three years. Mr. Lam Kam Tong entered into a service contract with the Company for an initial term of three years commencing from 23 May 2012. Mr. Lam was then appointed as executive Director on 28 May 2012. Mr. Zhou Jinquan was appointed as executive Director on 28 March 2013. Mr. Zhou has entered into a service contract with the Company for an initial term of three years commencing from 28 March 2013. Mr. Wang Liang was appointed as executive Director on 6 January 2014. Mr. Wang entered into a service contract with the Company for an initial term of three years commencing from 6 January 2014. The above service contracts may only be terminated in accordance with the provisions of such service contract or by either party giving to the other not less than three months prior notice in writing.

Each of the non-executive Directors was appointed for an initial term of three years commencing on 6 January 2014 until the next following annual general meeting of the Company.

Each of the independent non-executive Directors was appointed for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2012 for another term of three years.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

Directors' and Chief Executives' Interests and Short Position Shares

As of 31 December 2013, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which will have 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 he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

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

Director	Nature of interest	Number of issued ordinary shares held	Interest in underlying Shares	Approximate percentage of interest in our Company as at 31 December 2013
Ms. Zeng Jie, Baby	Interest of controlled corporation[1]	3,229,809,000	–	65.99%
	Personal	–	9,980,000[2]	0.20%
Mr. Pan Jun	Personal	–	9,980,000[2]	0.20%
Mr. Lam Kam Tong	Personal	–	2,770,000[2]	0.05%
Mr. Ho Man	Personal	–	1,600,000[2]	0.03%
Mr. Liao Martin Cheung Kong, JP	Personal	–	1,600,000[2]	0.03%
Mr. Huang Ming	Personal	–	1,600,000[2]	0.03%
Mr. Xu Quan	Personal	–	1,600,000[2]	0.03%

Notes:

(1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

(2) The relevant Director was granted options to subscribe for such number of Shares under the Scheme (as defined under the sub-section headed "Share Option Scheme" in this section) on 29 August 2011.

(ii) Long positions in Association Corporation

Director	Nature of interest	Name of associate corporation	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2013
Ms. Zeng Jie, Baby	Corporate interest[1]	Fantasy Pearl	80	No par value	80%
Mr. Pan Jun	Corporate interest[2]	Fantasy Pearl	20	No par value	20%

Notes:

(1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.

(2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.


Shenzhen Funian Plaza

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is 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 to be notified to the Company and the Stock Exchange.

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") which became effective on 27 October 2009 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

Nanjing Yuhuatai Project

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll).

An offer of the grant of an option under the Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1 to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a Share.

The summary below set out the details of options granted as at 31 December 2013 pursuant to the Scheme:

Name	Date of grant	Exercise price	Closing price of the Shares on the date of grant	Balance as at 1 January 2013	Number of share option Granted during the year	Exercisable/ exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2013	Note
		HK$	HK$						
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	(3)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	–	–	–	2,770,000	(3)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	(3)
Mr. Liao Martin Cheung Kong, JP	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	(3)
Mr. Xu Quan	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	(3)
Other employees	29 August 2011	0.836	0.82	29,310,000	–	–	630,000	28,680,000	(1)
	29 August 2011	0.836	0.82	12,500,000	–	–	250,000	12,250,000	(2)
	16 October 2012	0.8	0.77	48,460,000	–	–	2,290,000	46,170,000	(3)
Total				119,400,000			3,170,000	116,230,000	

Notes:

(1) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board.

(2) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each Grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;

(b) up to 20% of the share options granted to each Grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and

(c) up to 70% of the share options granted to each Grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.

(3) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each Grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each Grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board; and

(c) up to 70% of the share options granted to each Grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.

Purchase, Sale or Redemption of the Company's Shares

The Company is empowered by the applicable laws of the Cayman Islands and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. During the year, the Company had repurchased a total of 313,488,000 shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of HK$470,690,256. All of the repurchased shares were subsequently cancelled. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	HK$	HK$
October 2013	18,045,000	1.32	1.25	23,380,929
November 2013	295,443,000	1.56	1.34	447,309,328

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Senior Notes

The Company first time issued senior notes due 2015 ("Senior Notes due 2015") in the principal amount of US$120 million at a coupon rate of 14% per annum, on 5 May 2010, for the purpose of funding the then and new property projects (including construction cost and land premium) and general corporate purposes.

On 20 September 2012, the Company issued senior notes due 2017 ("Senior Notes due 2017") in the principal amount of US$250 million at a coupon rate of 13.75% per annum and on 16 January 2013, the Company issued senior notes due 2020 ("Senior Notes due 2020") in the principal amount of US$250 million at a coupon rate of 10.75% per annum. On 27 May 2013, the Company issued senior notes due 2016 ("Senior Notes due 2016") in the principal amount of CNY1 billion at a coupon rate of 7.875% per annum. On 17 January 2014, the Company further issued senior notes due 2019 ("Senior Notes due 2019") in the principal amount of US$300 million at a coupon rate of 10.625% per annum. The Company intended to use the net proceeds of all notes issued to refinance certain of its existing indebtedness, to finance its existing and new property development projects (including land premium and construction costs), and for other general corporate purposes.

Further details of the Senior Notes due 2015, Senior Notes due 2017, Senior Notes due 2020, Senior Notes due 2016 and Senior Notes due 2019 are set out in note 39 to the consolidated financial statements.

Borrowings

Details of the borrowings of the Group are set out in note 37 of the consolidated financial statements.

Director's Interests in Significant Contracts

Save as disclosed in note 49 to the consolidated financial statements, no significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries 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.

Management Contract

No management contract in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

Substantial Shareholders

As of 31 December 2013, so far as the Directors are aware, the following persons or institutions have beneficial interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, Cap 571 of the Laws of Hong Kong, or who is directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in our Company as at 31 December 2013
Fantasy Pearl	Beneficial interest[1]	3,184,795,500	65.07%
Ice Apex	Interest of controlled corporation[2]	3,184,795,500	65.07%
Ms. Zeng Jie, Baby	Interest of controlled corporation[2]	3,184,795,500	65.07%

Notes:

(1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares held by Fantasy Pearl for the purpose of Part XV of the SFO. Graceful Star is entitled to a pre-emptive right over shares in the capital of Fantasy Pearl pursuant to an agreement made between, among others, Ms. Zeng Jie, Baby, Mr. Pan Jun, Ice Apex and Graceful Star.

(2) Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie, Baby is deemed to be interested in the shares held by Ice Apex for the purpose of Part XV of the SFO.

Save as disclosed above, as of 31 December 2013, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Independence of Independent Non-Executive Directors

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 meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Major Customers and Suppliers

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.

Connected Transactions and Continuing Connected Transactions

During the year ended 31 December 2013, the Group has entered the following connected transactions:

Continuing connected transactions which are exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

The following related party transactions as disclosed in note 47 to the consolidated financial statements also constituted continuing connected transactions under the Listing Rules:

(a) The Group provided management services to Huidong Dayawan San Jiao Zhou Recreation Company Limited ("San Jiao Zhou"). During the year ended 31 December 2013, provision of such management services by Shenzhen Colour Life Network Services Company Limited to San Jiao Zhou amounted to approximately RMB95,000 (2012: approximately RMB612,000).

(b) During the year ended 31 December 2013, the Group did not receive any properties rental income from Shenzhen Xi Fu Hui Club Management Company Limited (2012: RMB301,000).

(c) Shenzhen Cube Architecture Designing Consultants Company Limited ("Cube Architecture") provides design services to the subsidiaries of the Company. During the year ended 31 December 2013, provision of such design services by Cube Architecture amounted to approximately RMB2,118,000 (2012: RMB1,099,000).

Since each of the percentage ratios (other than the profits ratio) for the annual amount of the above transactions were less than 0.1%, the above continuing connected transactions are exempted from the reporting, announcement and independent shareholders' approval requirements.

Interests in Competitors

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

Emolument Policy

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

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

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2013.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the reporting period, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

Corporate Governance

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

Sufficiency of Public Float

Based on information that is publicly available to the Company and to the best knowledge of the Directors at the latest practicable date (i.e. 17 March 2014) prior to the issue of this announcement, the Company has maintained a sufficient public float throughout the year ended 31 December 2013.

Events After the End of the Reporting Period

Details of significant events occurring after the end of the reporting period are set out in note 53 to the consolidated financial statements.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Pan Jun
Chairman

Hong Kong, 17 March 2014

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

Corporate Governance Code

The Company has adopted and complied with the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules, except for the following deviation:

– Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

– Under Code A.6.7, the independent non-executive Directors and the non-executive Directors, as equal Board members, should attend the general meetings of the Company. However, due to other business commitment, Mr. Ho Man, an independent non-executive Director, did not attend the annual general meeting of the Company held on 10 May 2013.

During the year ended 31 December 2013, the Company regularly reviews its corporate governance practices to ensure they continue to meet the respective requirements of the CG Code. The key corporate governance principles and practices of the Company are summarised in this report.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry to all Directors whether they have complied with the required standard set out in the Model Code regarding directors' securities transactions during the year ended 31 December 2013 and all Directors confirmed that they have complied with the Model Code.

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Further, the Board is in charge of the task of maximising the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the shareholders with a long-term return with stable and continuous growth.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

Composition and qualification requirements

As at 31 December 2013, the Board comprised five executive Directors, being Mr. Pan Jun (Chairman), Ms. Zeng Jie, Baby, Mr. Lam Kam Tong, Mr. Zhou Jinquan and Mr. Wang Liang, two non-executive Directors, being Mr. Li Dong Sheng and Mr. Yuan Hao Dong, and four independent non-executive Directors, being Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan. Biographical details of each Director are set out on pages 36 to 39.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board.

During the year ended 31 December 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Board meetings and annual general meeting

The Board meets on a regular basis and 12 Board meetings and the annual general meeting for the year ended 31 December 2013 were held during the year. The individual attendance record is as follows:

Directors	No. of Board meetings attended/ No. of Board meetings held	AGM
Executive Directors		
Mr. Pan Jun	12/12	1/1
Ms. Zeng Jie, Baby	12/12	0/1
Mr. Lam Kam Tong	12/12	1/1
Mr. Zhou Jinquan (appointed on 28 March 2013)	10/12	1/1
Mr. Wang Liang (appointed on 6 January 2014)	N/A	N/A
Non-executive Directors		
Mr. Li Dong Sheng (appointed on 6 January 2014)	N/A	N/A
Mr. Yuan Hao Dong (appointed on 6 January 2014)	N/A	N/A
Independent non-executive Directors		
Mr. Ho Man	12/12	0/1
Mr. Liao Martin Cheung Kong, JP	9/12	1/1
Mr. Huang Ming	12/12	1/1
Mr. Xu Quan	12/12	1/1

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.

Appointment and re-election of Directors

All executive Directors have entered into service contracts with the Company for a specific term of three years, all non-executive Directors have entered into letters of appointment with the Company for a term commencing on 6 January 2014 until the next following annual general meeting of the Company, and all independent non-executive Directors have entered into letters of appointment with the Company for a specific term of three years. One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with our Company's Articles of Association. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Article shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Internal control

The Board is responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including control measures of financial and operational compliance and risk management functions of the Group twice per annum.

Directors' Training and professional development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme newly appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements being a newly appointed director. The Company further arranges an on-going training and professional development seminar for Directors.

During the year of 2013, all Directors were provided with and they have confirmed that they have reviewed the monthly newsletter on the Group's business, operations and financial matters as well as updates, if any, on applicable legal and regulatory and market changes to facilitate the discharge of their responsibilities. The Company also organised a seminar in May 2013 on "Disclosure Obligation for Listed Corporations" for the Directors. The seminar was facilitated by Company's legal advisors with presentation and relevant materials. The attendance of the individual Directors at the training is set out in the table below:

Director	No. of trainings attended/ No. of trainings held
Mr. Pan Jun	1/1
Ms. Zeng Jie, Baby	0/1
Mr. Lam Kam Tong	1/1
Mr. Zhou Jinquan	1/1
Mr. Ho Man	1/1
Mr. Liao Martin Cheung Kong, JP	0/1
Mr. Huang Ming	1/1
Mr. Xu Quan	1/1

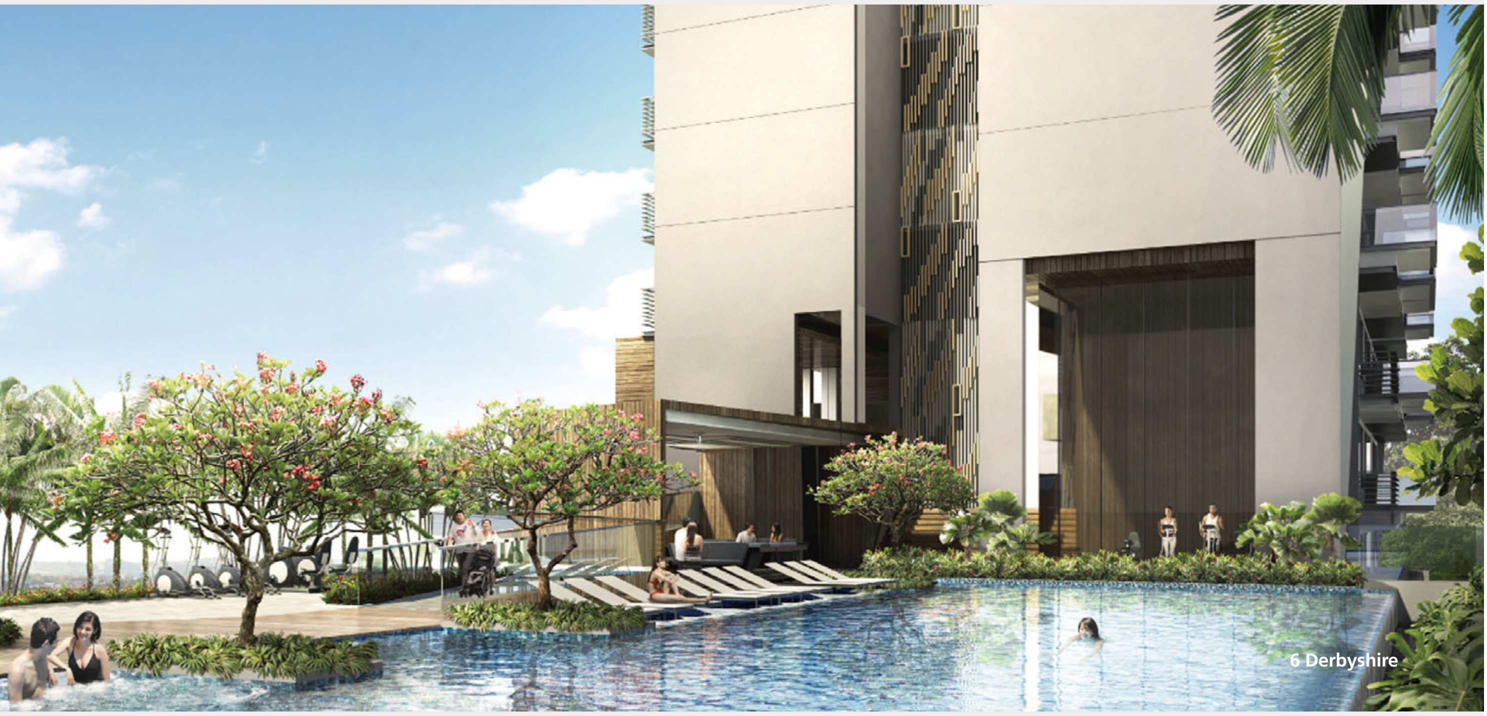
Continuing briefings and professional development for directors will be arranged whenever necessary.

Indemnification of Directors and officers

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

Chairman and Chief Executive Officer

The chairman and chief executive officer of our Company is Mr. Pan Jun. The reasons for the two roles are being preformed by the same individual are set out on the section "Corporate Governance Code" of this report.



Board Committees

To enhance the effectiveness of the management of the Company, the Board has established three committees, namely the audit committee, the nomination committee and the remuneration committee to monitor corresponding aspects of the Company's affairs. The composition and the roles and functions of each committee are summarised as follows.

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

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

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

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

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

(e) to review the Company's compliance with the Corporate Governance Code and disclosures in this corporate governance report.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the CG Code, the Board adopted a revised terms of reference of the Audit Committee on 12 March 2012. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results of the Company have been reviewed by the Audit Committee.

The Audit Committee currently comprises four independent non-executive Directors, including Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan, while Mr. Ho Man is the chairman of the Audit Committee. During the year of 2013, the Audit Committee held 2 meetings. The individual attendance record is as follows:

Director	No. of meetings attended/ No. of meetings held
Mr. Ho Man (Committee chairman)	2/2
Mr. Liao Martin Cheung Kong, JP	2/2
Mr. Huang Ming	2/2
Mr. Xu Quan	2/2

The major roles and functions of the Audit Committee are to review important accounting policies, to supervise the Company's financial reporting processes, to monitor the performance of the external auditors and the internal audit department, to review and evaluate the effectiveness of the Company's financial reporting procedures and internal controls and to ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board.

During the reporting period, Audit Committee has been provided with the Group's financial statements, internal controls reports and other necessary financial information to consider, review and access significant issues arising from the financial statements, internal controls and work conducted. The Audit Committee also recommended the appointment of external auditors for the Company.

Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. In order to comply with the CG Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises an executive Director, Mr. Pan Jun, and four independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP and Mr. Xu Quan, while Mr. Huang Ming is the chairman of the committee. The individual attendance record is as follows:

Director	No. of meetings attended/ No. of meetings held
Mr. Huang Ming (Committee chairman)	2/2
Mr. Ho Man	2/2
Mr. Liao Martin Cheung Kong, JP	2/2
Mr. Xu Quan	2/2
Mr. Pan Jun	2/2

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

During the year ended 31 December 2013, the Remuneration Committee reviewed, and determined the remuneration package of the Directors and senior management. 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 12 to the financial statements.

Nomination Committee

The Company has established the nomination committee (the "Nomination Committee") in compliance with the Listing Rules. The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun, and, Ms. Zeng Jie, Baby and four independent non-executive Directors, Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.

In order to comply with the Revised CG Code, the Board (a) adopted a revised terms of reference of the Nomination Committee on 30 August 2013 and (b) announced that Mr. Pan Jun was appointed as chairman of the Nomination Committee in place of Ms. Zeng Jie, Baby with effect from 12 March 2012. Ms. Zeng Jie, Baby remains as a member of the Nomination Committee. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge with reference to the "Board Diversity Policing" adopted by the Board on 29 August 2013 and the requirements under the Listing Rules.

The Nomination Committee held one meeting during the year ended 31 December 2013. The individual attendance record is as follows:

Director	No. of meetings attended/ No. of meetings held
Mr. Pan Jun (Committee chairman)	2/2
Mr. Ho Man	2/2
Mr. Liao Martin Cheung Kong, JP	2/2
Mr. Huang Ming	2/2
Mr. Xu Quan	2/2
Ms. Zeng Jie, Baby	2/2

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

During the year ended 31 December 2013, the Nomination Committee accessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2014 annual general meeting of the Company before putting forth for discussion and approval by the Board, and also reviewed the composition of the Board.

Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2013 is set out in the section headed "Independent Auditors' Report" in this annual report.

During the year, the total remuneration in respect of statutory audit services paid to the Company's auditors, Messrs. Deloitte Touche Tohmatsu ("Deloitte") and PRC local auditors, amounted to approximately RMB4,868 and RMB4,815, respectively. Total service charges are as follows:

	RMB'000
Paid to Deloitte for statutory audit services	4,868
Paid to PRC auditors for statutory audit services	4,815
Total	9,683

Internal Controls

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group.

During the year ended 31 December 2013, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board also will perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

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 on page 60 of the "Independent Auditors' Report" in this annual report.

Company Secretary

In compliance with Rule 3.28 of the Listing Rules, the Company Secretary is a full time employee and has the day-to-day knowledge of the Company's affairs. He is responsible for advising the Board on corporate governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

Shareholders Rights

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

Pursuant to the article 58 of the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders are provided with contact details of the Company, such as website, 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 or the company secretary through the above means. If shareholders have any enquiries in respect of their shareholdings and entitlements to dividend, they may contact Computershare Hong Kong Investor Services Limited, our share registrar from time to time.

Investor Relations

Constitutional Documents

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2013.

Effective Communication with Shareholders and Investors

As a showpiece of the Company facing the capital market, the Board believes that a transparent and timely disclosure of the Group's latest information will enable the shareholders and investors to have better understanding on the Group's operations and strategies. The Company recognises the importance of maintaining effective investor relations with the existing and potential investors. To enhance the communication between the Company and the investors, as well as to maintain the transparency of the Company, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain latest company information. In addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company's website at "www.cnfantasia.com" also acts as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. The Company will also actively correspond to any enquiries raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged company meetings, telephone conferences, investors meetings, luncheons and site visits, held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to reply questions raised.

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnfantasia.com) immediately after the relevant general meetings.

Deloitte.
德勤

TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED
花樣年控股集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 162, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility For The Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the 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 controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 controls relevant to the Group's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. 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 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	7	**7,279,828**	6,230,050
Cost of sales and services		**(4,486,269)**	(3,709,778)
Gross profit		**2,793,559**	2,520,272
Other income, gains and losses	8	**385,511**	31,800
Change in fair value of investment properties	16	**167,319**	167,876
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	29	**10,177**	330,257
Selling and distribution expenses		**(315,184)**	(314,100)
Administrative expenses		**(487,390)**	(291,966)
Finance costs	9	**(260,294)**	(57,698)
Share of results of associates		**675**	417
Share of results of joint ventures		**(6,714)**	–
Gain on disposal of subsidiaries	43(a)	**116,644**	–
Profit before tax	10	**2,404,303**	2,386,858
Income tax expense	11	**(1,174,112)**	(1,261,209)
Profit for the year		**1,230,191**	1,125,649
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties		**3,960**	45,708
Deferred taxation liability arising from revaluation of properties		**(990)**	(14,633)
Other comprehensive income for the year, net of income tax		**2,970**	31,075
Total comprehensive income for the year		**1,233,161**	1,156,724
Profit for the year attributable to:			
Owners of the Company		**1,215,038**	1,139,241
Non-controlling interests		**15,153**	(13,592)
		1,230,191	1,125,649
Total comprehensive income attributable to:			
Owners of the Company		**1,218,008**	1,163,210
Non-controlling interests		**15,153**	(6,486)
		1,233,161	1,156,724
Earnings per share – Basic (RMB)	14	**0.23**	0.22
Earnings per share – Diluted (RMB)	14	**0.23**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**905,241**	585,687
Investment properties	16	**4,012,828**	3,422,233
Interests in associates	17	**1,566**	1,171
Interests in joint ventures	18	**71,084**	19,720
Available-for-sale investment	19	**38,910**	–
Goodwill	20	**79,267**	16,488
Intangible assets	21	**907**	–
Prepaid lease payments	22	**1,233,811**	822,252
Premium on prepaid lease payments	23	**390,032**	591,144
Land development expenditure	24(i)	**666,131**	1,217,463
Other receivables	24(i)	**376,841**	–
Deposits paid for acquisition of subsidiaries	25	**150,000**	6,890
Deposit paid for acquisition of a property project	26	**132,346**	126,004
Deposit paid for acquisition of land use rights	27	**435,423**	158,123
Deferred tax assets	28	**393,454**	329,372
		8,887,841	7,296,547
CURRENT ASSETS			
Properties for sale	29	**14,191,479**	11,372,628
Prepaid lease payments	22	**30,828**	28,121
Premium on prepaid lease payments	23	**10,853**	19,219
Trade and other receivables	30	**3,583,659**	2,142,501
Amounts due from customers for contract works	31	**41,059**	52,482
Tax recoverable		**46,114**	77,179
Amount due from a joint venture	32	**139,190**	–
Financial assets at fair value through profit or loss	33	**–**	42,200
Restricted/pledged bank deposits	34	**855,564**	707,614
Bank balances and cash	34	**2,776,879**	2,788,106
		21,675,625	17,230,050
CURRENT LIABILITIES			
Trade and other payables	35	**2,453,629**	2,603,457
Deposits received for sale of properties		**4,678,224**	4,186,104
Amounts due to customers for contract works	32	**54,318**	2,291
Amounts due to related parties	36	**506**	1,573
Tax payable		**2,784,573**	2,238,038
Borrowings – due within one year	37	**2,053,357**	2,452,294
Obligations under finance leases	38	**26,003**	–
		12,050,610	11,483,757
NET CURRENT ASSETS		**9,625,015**	5,746,293
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,512,856**	13,042,840

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

		2013 RMB'000	2012 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	**719,916**	692,558
Borrowings – due after one year	37	**4,942,036**	3,100,113
Senior notes	39	**4,843,390**	2,329,003
Provision	42(a)(i)	**29,591**	–
Obligation under finance leases	38	**140,418**	–
Redeemable shares	40	**6,177**	–
		10,681,528	6,121,674
		7,831,328	6,921,166
CAPITAL AND RESERVES			
Share capital	41	**429,575**	457,093
Reserves		**6,890,876**	6,144,037
Equity attributable to owners of the Company		**7,320,451**	6,601,130
Non-controlling interests		**510,877**	320,036
		7,831,328	6,921,166

The consolidated financial statements on pages 60 to 162 were approved and authorised for issue by the Board of Directors on 18 March 2014 and are signed on its behalf by:

DIRECTOR

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000	Statutory reserves RMB'000 (Note iv)	Discretionary reserves RMB'000 (Note iv)	Property revaluation reserve RMB'000 (Note v)	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2012	457,093	2,620,084	(64,168)	2,240	40,600	40,408	1,477	6,944	2,496,921	5,601,599	180,657	5,782,256
Profit for the year	–	–	–	–	–	–	–	–	1,139,241	1,139,241	(13,592)	1,125,649
Surplus on revaluation of properties	–	–	–	–	–	–	–	36,233	–	36,233	9,475	45,708
Deferred taxation liability arising from revaluation of properties	–	–	–	–	–	–	–	(12,264)	–	(12,264)	(2,369)	(14,633)
Other comprehensive income for the year	–	–	–	–	–	–	–	23,969	–	23,969	7,106	31,075
Profit and total comprehensive income (expense) for the year	–	–	–	–	–	–	–	23,969	1,139,241	1,163,210	(6,486)	1,156,724
Acquisition of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	–	141,215	141,215
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	4,650	4,650
Dividend distributed to shareholders of the Company (note 13)	–	(168,859)	–	–	–	–	–	–	–	(168,859)	–	(168,859)
Recognition of equity-settled share-based payments (note 46)	–	–	–	5,180	–	–	–	–	–	5,180	–	5,180
Transfer	–	–	–	–	–	131	–	–	(131)	–	–	–
At 31 December 2012	457,093	2,451,225	(64,168)	7,420	40,600	40,539	1,477	30,913	3,636,031	6,601,130	320,036	6,921,166
Profit for the year	–	–	–	–	–	–	–	–	1,215,038	1,215,038	15,153	1,230,191
Surplus on revaluation of properties	–	–	–	–	–	–	–	3,960	–	3,960	–	3,960
Deferred taxation liability arising from revaluation of properties	–	–	–	–	–	–	–	(990)	–	(990)	–	(990)
Other comprehensive income for the year	–	–	–	–	–	–	–	2,970	–	2,970	–	2,970
Profit for the year	–	–	–	–	–	–	–	2,970	1,215,038	1,218,008	15,153	1,233,161
Acquisition of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	–	52,430	52,430
Deemed disposal of partial interest in subsidiaries without loss of control (note iii)	–	–	99,143	–	–	–	–	–	–	99,143	131,421	230,564
Contribution from non-controlling shareholders of subsidiaries	–	–	34,056	–	–	–	–	–	–	34,056	9,008	43,064
Dividend distributed to shareholders of the Company (note 13)	–	(228,576)	–	–	–	–	–	–	–	(228,576)	–	(228,576)
Recognition of equity-settled share-based payments (note 46)	–	–	–	8,756	–	–	–	–	–	8,756	–	8,756
Shares repurchased and cancelled (note 41)	(27,518)	(346,338)	–	–	–	–	–	–	–	(373,856)	–	(373,856)
Acquisition of additional interests in subsidiaries from non-controlling shareholders (note iv)	–	–	(4,154)	–	–	–	–	–	–	(4,154)	(14,438)	(18,592)
Disposal of a subsidiary (note 43(a))	–	–	–	–	–	–	–	–	–	–	275	275
Transfer	–	–	–	–	–	3,198	–	–	(3,198)	–	–	–
At 31 December 2013	429,575	1,876,311	30,821	16,176	40,600	43,737	1,477	33,883	847,871	7,320,451	510,877	7,831,328

Notes:

(i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out final dividend from share premium account.

(ii) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

(iii) During the year ended 31 December 2013, deemed disposals of partial interest in subsidiaries were arisen from (a) a subsidiary of the Company issued new shares to the non-controlling shareholders, and (b) the Group disposed of its partial equity interests in a subsidiary which was held by the Group through a 54% owned subsidiary to a joint venture of the Group, the difference between the consideration received from the deemed disposal of partial interest in these subsidiaries without loss of control and proportionate share of the subsidiary's net assets by the non-controlling interests was credited to the special reserve of RMB99,143,000 in aggregation.

(iv) During the year ended 31 December 2013, the Group acquired additional interests in subsidiaries from the non-controlling shareholders. The difference between the consideration paid and proportionate share of the subsidiary's net assets by the Group was debited to the special reserve of RMB4,154,000.

(v) Share options reserve represents the share-based payment under the Company's share option scheme.

(vi) The statutory reserves and discretionary reserves relate to subsidiaries in the People's Republic of China (the "PRC") and are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and increase capital upon approval from the relevant authorities.

(vii) Property revaluation surplus arose from the transfer of owner-occupied property to investment properties at the date of change in use.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 RMB'000	2012 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**2,404,303**	2,386,858
Adjustments for:		
Change in fair value of investment properties	**(167,319)**	(167,876)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	**(10,177)**	(330,257)
Release of prepaid lease payments	**18,544**	12,102
Release of premium on prepaid lease payments	**15,342**	11,133
Release of prepayments	**–**	20,960
Amortisation of intangible assets	**906**	–
Depreciation of property, plant and equipment	**64,521**	37,478
Investment income	**(246,161)**	–
(Gain) loss on disposal of property, plant and equipment	**(39)**	31
Gain on disposal of a subsidiary	**(116,644)**	–
(Reversal of) allowance on bad and doubtful debts, net	**(4,117)**	10,547
Interest income	**(7,007)**	(10,424)
Finance costs	**260,294**	57,698
Net foreign exchange gain	**(91,838)**	(7,483)
Share of results of associates	**(675)**	(417)
Share of result of joint ventures	**6,714**	–
Share-based payment expenses	**8,756**	5,180
Operating cash flows before movements in working capital	**2,135,403**	2,025,530
Addition to prepaid lease payments	**(762,995)**	(506,918)
Decrease in land development expenditure	**44,668**	238,955
Increase in properties for sale	**(567,599)**	(576,574)
Increase in deposits paid for acquisition of land use rights	**(435,423)**	(158,123)
Increase in trade and other receivables	**(700,191)**	(641,692)
Decrease in prepayments	**–**	10,000
Decrease (increase) in amounts due from customers for contract works	**11,423**	(36,123)
Decrease in amounts due to related parties	**–**	(1,397)
Increase in amounts due to customers for contract works	**52,027**	2,291
Increase in trade and other payables	**149,402**	191,038
Increase in deposits received for sale of properties	**212,120**	1,567,100
Cash generated from operations	**514,026**	2,114,087
Income tax paid	**(634,141)**	(436,470)
Interest paid	**(816,234)**	(510,313)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(936,349)**	1,167,304

	Notes	2013 RMB'000	2012 RMB'000
INVESTING ACTIVITIES			
Deposits paid for acquisition of a property project		**(6,342)**	(21,104)
Increase in restricted bank deposits		**(147,950)**	(392,480)
Disposal (purchase) of structured deposits		**42,200**	(42,200)
Settlement of consideration payable of acquisition of assets and liabilities through acquisitions of subsidiaries and acquisition of business		**(257,030)**	(87,114)
Purchases of property, plant and equipment		**(113,832)**	(134,819)
Additions to investment properties		**(100,975)**	(149,580)
Acquisitions of assets and liabilities through acquisitions of subsidiaries (net of cash and cash equivalents acquired)	42(a)	**(1,778,391)**	(778,374)
Acquisition of business (net of cash and cash equivalents acquired)	42(b)	**(183,223)**	(53)
Interest received		**7,007**	10,424
Dividend received from an associate		**280**	323
Proceeds from disposal of property, plant and equipment		**3,646**	6,109
Disposal of a subsidiary	43(a)	**195,122**	6,375
Deposits paid for acquisition of subsidiaries		**(148,790)**	(5,680)
Proceeds from disposal of investment properties		**85,826**	21,856
Repayment of amounts due from related parties		**–**	3,262
Capital injection to a joint venture		**(58,078)**	(19,720)
Advance to a joint venture		**(139,190)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(2,599,275)**	(1,582,775)
FINANCING ACTIVITIES			
Net proceeds from the issuance of senior notes	39	**2,508,503**	1,530,324
Contribution from a non-controlling shareholders		**6,000**	4,650
New borrowings raised		**5,345,377**	3,356,804
Repayment of borrowings		**(3,867,220)**	(2,539,965)
Dividend paid to shareholders of the Company		**(228,576)**	(168,859)
(Repayment to) advance from a related party		**(1,067)**	423
Acquisition of additional interest in subsidiaries		**(18,592)**	–
Shares repurchased		**(373,856)**	–
Repayment of obligations under finance leases		**(58,324)**	–
Proceeds from dilution of interest in a subsidiary that does not result in losing of control	42(b)	**193,500**	–
Deemed disposal of partial interest in a subsidiary		**43,241**	–
NET CASH FROM FINANCING ACTIVITIES		**3,548,986**	2,183,377
NET INCREASE IN CASH AND CASH EQUIVALENTS		**13,362**	1,767,906
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**2,788,106**	1,021,355
Effect of foreign exchange rate changes		**(24,589)**	(1,155)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**2,776,879**	2,788,106

1. General

The Company is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling party is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 51.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

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

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised standards on consolidation, join arrangements, associates and disclosures and amendments to HKFRS 10, HKFRS 11, and HKFRS 12

In the current year, the Group has applied the first time HKFRS 10, HKFRS 11, and HKFRS 12 and HKFRS 28 (as revised in 2011) together with amendments to HKFRS 10, HKFRS 11, and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements.

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *"Consolidated and Separate Financial Statements"* that deal with consolidated financial statements and HK-SIC Int – 12 *"Consolidation – Special Purpose Entities"*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Impact of the application of HKFRS 10 (continued)

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *"Interests in Joint Ventures"*, and the guidance contained in a related interpretation, HK(SIC) – Int13 *"Jointly Controlled Entities – Non-Monetary Contributions by Venturers"*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the interest in a jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

Impact of application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad, the fair value measurement requirements applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS17 *"Leases"*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value or the purposes of measuring inventories or value in use for impairment assessment purpose).

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 13 Fair Value Measurement (continued)

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (see note 16 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[2]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below. The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

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

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

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

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

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

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

Annual Improvements to HKFRSs 2011–2013 Cycle

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

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Annual Improvements to HKFRSs 2011–2013 Cycle (continued)

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

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

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

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

The directors anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011–2013 Cycle may have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

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

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

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

Except for the above impact, the Directors of the Company do not anticipate that the application of other new and revised HKFRSs may have significant impact on the Group's consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The SEHK Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group has directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Significant Accounting Policies (continued)

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment arrangement of the acquire or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

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

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

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. Significant Accounting Policies (continued)

Goodwill

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

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

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

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

The Group's policy for the goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. The associate and joint venture uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, and investment in an associate or a joint are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Significant Accounting Policies (continued)

Investments in associates and joint ventures (continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Agency fee, service income, management fee, parking fee and consultation fee

Agency fee, service income, management fee, parking fee and consultation fee are recognised when services are provided.

The Group's policy for recognition of revenue from construction services is described in the accounting policy for construct in contracts below.

Hotel operation

Revenue from hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services is recognised when the services are rendered.

Interest income

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

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Property that is being constructed or developed for future use as investment property is classified as investment property. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or construction is completed.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

3. Significant Accounting Policies (continued)

Land development expenditure

Land development expenditure is stated at the lower of cost and net realisable value. The cost includes expenditure directly attributable to the development of relevant projects such as road construction, demolition, resettlement work and borrowing cost.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

Properties for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Cost of each unit in each phase of development is determined using the weighted average method.

Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. Significant Accounting Policies (continued)

Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: loans and receivables, financial assets at fair value through profit or loss (“FVTPL”) and available-for-sale (“AFS”) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits paid for acquisition of land use rights, subsidiaries and a property project, trade and other receivables, amount due from a joint venture, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Effective interest method

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

FVTPL

The Group's financial assets at FVTPL represent financial assets designated as at FVTPL.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For other financial assets, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

For financial assets measured at amortised cost, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Senior notes

Senior notes issued by the Company that contain both obligation under finance lease, liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to related parties, redeemable shares and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial guarantee contracts

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

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

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

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

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

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

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

3. Significant Accounting Policies (continued)

Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Construction contracts

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Borrowing costs

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

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

3. Significant Accounting Policies (continued)

Leasing

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale or for use in the production or supply of goods or services, and are initially recognised at cost and released to profit or loss over the remaining lease term on a straight-line basis. The prepaid lease payments in respect of development of projects for sale whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

3. Significant Accounting Policies (continued)

Leasing (continued)

Premium on prepaid lease payments

The premium on prepaid lease payments represent the excess of the consideration paid over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC acquired through acquisition of subsidiaries and released to profit or loss over the remaining lease term on a straight-line basis. The premium on prepaid lease payments in respect of projects whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

Taxation

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

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

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

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. Significant Accounting Policies (continued)

Taxation (continued)

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

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Share-based payment transactions

Equity-settled share-based payment transactions

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Classification of Xingjiang Tongzhinian Equity Investment Partnership (Limited Liability Partnership) ("Xingjiang Tongzhinian") as a joint venture

Xingjiang Tongzhinian is a limited liability partnership whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Xingjiang Tongzhinian is classified as a joint venture of the Group. See note 18 for details.

Key sources of estimation uncertainty

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

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of approximately RMB14,191,479,000 (2012: RMB11,372,628,000). Cost, including the cost of land, development expenditure, borrowing costs capitalized in accordance with the Group's accounting policy and other attributable expenses, are allocated to each unit in each phase based on sellable gross floor area, using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be write-down on the properties under development for sale and completed properties for sale.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

LAT

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As explained in above, the carrying amounts of investment properties are presumed to be recovered entirely through sale, as such deferred tax charge on the fair value change of investment properties has taken into account the LAT payable on disposal of these properties.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of trade receivable is RMB661,721,000 (2012: carrying amount of RMB964,674,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of goodwill net of accumulated impairment loss was approximately RMB79,267,000 (2012: carrying amount of RMB16,488,000).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Fair value measurements and valuation processes

The investment properties of the Group are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt, which includes amounts due to related parties as disclosed in notes 34, borrowings as disclosed in note 37, obligations under finance leases disclosed in note 36, senior notes as disclosed in note 39, redeemable shares as disclosed in note 40, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of bank and other borrowings to ensure compliance with financial covenants.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding and considers the cost of capital and the risks associated with each class of capital. The Group does not have any target gearing ratio.

The directors of the Company then assess the annual budget and 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.

6. Financial Instruments

(a) Categories of financial instruments

	2013 RMB'000	2012 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**5,952,755**	4,702,811
Financial assets at FVTPL	**–**	42,200
AFS financial assets	**38,910**	–
Financial liabilities		
Amortised cost	**14,276,722**	10,309,378

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, deposits paid for acquisition of land use rights, subsidiaries and a property project, trade and other receivables, amounts due from joint venture, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, obligations under finance leases, redeemable shares, borrowings and senior notes. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Group has bank balances, borrowings, redeemable shares, obligations under finance leases and senior notes which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2013 RMB'000	2012 RMB'000
Assets		
United States Dollars ("USD")	**57,407**	1,030,061
Hong Kong Dollars ("HKD")	**307,011**	60,681
Taiwan Dollars ("TWD")	**2,255**	1,693
Japanese Yan ("JPY")	**25,795**	8
Singapore Dollars ("SGD")	**17,734**	–
Liabilities		
USD	**4,651,224**	3,245,589
HKD	**108,500**	137,841
JPY	**40,551**	–

6. Financial Instruments (continued)

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

(i) Currency risk (continued)

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in USD, TWD, SGD, JPY and HKD against RMB.

The following table details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in the RMB against the relevant foreign currencies. 5% (2012: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2012: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, borrowings, redeemable shares, obligations under finance leases and senior notes. A positive number indicates an increase in profit for the year where the RMB strengthens 5% (2012: 5%) against the relevant currencies. For a 5% (2012: 5%) weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Foreign currency sensitivity analysis

	2013 **RMB'000**	2012 RMB'000
USD		
Increase in profit for the year	**229,691**	110,776
HKD		
(Decrease) increase in profit for the year	**(9,926)**	3,858
TWD		
Decrease in profit for the year	**(113)**	(85)
JPY		
Increase in profit for the year	**738**	–
SGD		
Decrease in profit for the year	**(887)**	–

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

6. Financial Instruments (continued)

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

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate borrowings, obligations under finance leases, redeemable shares and senior notes. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the London Interbank Offered Rate ("LIBOR") arising from the Group's USD borrowings, the Hong Kong Interbank Offer Rate ("HIBOR") arising from the Group's HKD borrowings and Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate") from the Group's RMB borrowings.

Interest rate risk sensitivity analysis

Bank balances and restricted bank deposits

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances and restricted bank deposits at the end of the reporting period. A 25 basis points (2012: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2012: 25 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2013 would increase/decrease by approximately RMB6,838,000 (2012: increase/decrease of approximately RMB6,554,000).

Variable-rate borrowings

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50 basis points (2012: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2012: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2013 would decrease/increase by approximately RMB27,427,000 (2012: decrease/increase of approximately RMB3,811,000), net of interest that would be capitalised in accordance with the Group's accounting policy.

6. Financial Instruments (continued)

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

(iii) Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 48(i).

In order to minimise the credit risk, the Group has policies in place 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 individual trade debt at the end of the reporting period 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 significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

At 31 December 2013, the Group has concentration of credit risk on the deposits paid for acquisition of a property project, land use rights and subsidiaries paid to counterparties which are all engaged in PRC property development business and property operation service, and are either state-owned entities or companies with good reputation, the directors of the Company consider that the credit risk is limited.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

For properties under development which are subject to pre-sales agreements, the Group generally typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's purchase 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 reduced.

6. Financial Instruments (continued)

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

(iv) Liquidity risk

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

The Group relies on borrowings, amounts due to related parties, obligations under finance leases, redeemable shares and senior notes as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1–3 months RMB'000	3 months to 1 year RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2013								
Trade and other payables	–	699,246	349,257	253,553	60,400	–	2,264,835	2,264,835
Amounts due to related parties	–	506	–	–	–	–	506	506
Borrowings								
– fixed rate	9.27	62,800	25,226	120,590	1,719,704	67,282	1,995,602	1,682,552
– variable rate	6.76	184,012	549,799	1,188,563	3,752,536	460,116	6,135,026	5,312,841
Obligation under finance lease	4.16	6,065	6,065	20,265	124,004	38,296	194,695	166,422
Redeemable shares	12.00	–	–	–	7,748	–	7,748	6,177
Senior notes	12.37	82,133	105,053	368,621	4,718,364	1,774,448	7,048,619	4,843,390
Financial guarantee contracts	–	7,171,137	–	–	–	–	7,171,137	–
		4,100,131	1,035,400	2,951,792	10,292,402	2,430,496	20,810,221	14,276,722
As at 31 December 2012								
Trade and other payables	–	713,833	385,021	1,275,584	51,957	–	2,426,395	2,426,395
Amounts due to related parties	–	1,573	–	–	–	–	1,573	1,573
Borrowings								
– fixed rate	13.60	6,695	13,390	439,808	200,361	–	660,254	592,000
– variable rate	7.00	434,449	200,743	1,411,460	3,369,179	153,386	5,569,217	4,960,407
Senior notes	14.90	–	108,032	213,628	3,281,758	–	3,603,418	2,329,003
Financial guarantee contracts	–	2,750,751	–	–	–	–	2,750,751	–
		3,907,301	707,186	3,340,480	6,903,255	153,386	15,011,608	10,309,378

6. Financial Instruments (continued)

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

(iv) Liquidity risk (continued)

Liquidity table (continued)

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2013, the aggregate undiscounted principal amounts of these bank borrowings amounted to approximately RMB180,000,000 (2012: RMB591,641,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid ranging from 1 year to 3 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB204,354,000 (2012: RMB665,539,000).

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

(c) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

- The fair value of financial guarantee contracts at initial recognition is determined to be insignificant, using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default; and

- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, fair value determined based on the discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

Except for the following financial liabilities, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

	Fair value hierarchy	2013 Carrying amount RMB'000	2013 Fair value RMB'000	2012 Carrying amount RMB'000	2012 Fair value RMB'000
Senior notes	Level 1	**4,843,390**	**5,222,844**	2,329,003	2,662,171

7. Revenue and Segment Information

An analysis of the Group's revenue for the year is as follows:

	2013 RMB'000	2012 RMB'000
Sales of properties	**6,733,340**	5,885,314
Rental income	**128,673**	90,266
Agency fee from provision of property agency services	**12,683**	14,470
Management fee and installation services fee from provision of property operation services	**314,764**	184,683
Hotel operations	**90,368**	55,317
	7,279,828	6,230,050

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the operating and reportable segments of the Group.

The Group has five reportable and operating segments as follows:

Property development	–	developing and selling of commercial and residential properties in the PRC
Property investment	–	leasing of commercial and residential properties
Property agency services	–	provision of property agency and other related services
Property operation services	–	provision of property management, installation of security systems and other related services
Hotel operation	–	provision of hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, exchange gain, share of results of associates and joint venture, gain on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint venture, financial assets at fair value through profit or loss, amount due from a joint venture, available-for-sale investment, restricted bank deposits, bank balances and cash and other corporate assets.

7. Revenue and Segment Information (continued)

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For 31 December 2013

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External revenues	6,733,340	128,673	12,683	314,764	90,368	7,279,828
Inter-segment revenues	104,383	–	1,157	404,902	–	510,442
Segment result	2,294,476	170,405	11,106	129,765	1,010	2,606,762
Segment assets	20,300,865	4,334,570	3,912	937,689	570,952	26,147,988
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	13,781	111,149	1,493	322,125	46,884	495,432
Change in fair value of investment properties	–	167,319	–	–	–	167,319
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	10,177	–	–	–	–	10,177
Release of prepaid lease payments	14,917	–	–	1,767	1,577	18,261
Release of premium on prepaid lease payments	15,342	–	–	–	–	15,342
Amortisation of intangible assets	–	–	–	906	–	906
Investment income	246,161	–	–	–	–	246,161
Depreciation of property, plant and equipment	15,427	5,239	–	15,453	28,119	64,238
Gain on disposal of property, plant and equipment	39	–	–	–	–	39
Reversal of allowance on bad and doubtful debts, net	4,117	–	–	–	–	4,117

Inter-segment revenues are charged at prevailing market rate.

7. Revenue and Segment Information (continued)

Segment revenues, results, assets and other material items for 31 December 2012:

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External revenues	5,885,314	90,266	14,470	184,683	55,317	6,230,050
Inter-segment revenues	52,388	1,643	1,157	286,021	–	341,209
Segment result	2,205,017	294,225	8,109	108,853	(53,756)	2,562,448
Segment assets	16,279,343	3,422,232	8,359	415,056	432,359	20,557,349
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	34,723	154,868	–	25,714	96,368	313,673
Change in fair value of investment properties	–	167,876	–	–	–	167,876
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	330,257	–	–	–	–	330,257
Release of prepaid lease payments	7,454	–	–	3,067	1,581	12,102
Release of premium on prepaid lease payments	11,133	–	–	–	–	11,133
Depreciation of property, plant and equipment	18,421	–	1	2,862	16,077	37,361
Loss on disposal of property, plant and equipment	31	–	–	–	–	31
Reversal of (allowance) on bad and doubtful debts, net	11,012	–	–	(465)	–	10,547

Inter-segment revenues are charged at prevailing market rate.

Note: Additions to non-current assets comprise mainly additions to goodwill, property, plant and equipment and investment properties and exclude interests in associates and joint ventures, prepayments, deposits paid for acquisition of subsidiaries and a property project and deferred tax assets.

7. Revenue and Segment Information (continued)

Reconciliation:

	2013 RMB'000	2012 RMB'000
Revenue:		
Total revenue for operating and reportable segments	7,790,270	6,571,259
Elimination of inter-segment revenues	(510,442)	(341,209)
Group's total revenues	7,279,828	6,230,050
Total segment results	2,606,762	2,562,448
Elimination of inter-segment result	(56,730)	(115,874)
Unallocated amounts:		
Unallocated income	98,847	66,541
Unallocated corporate expenses	(94,887)	(68,976)
Finance costs	(260,294)	(57,698)
Gain on disposal of subsidiaries	116,644	–
Share of results of associates	675	417
Share of results of a joint ventures	(6,714)	–
Profit before taxation	2,404,303	2,386,858

	2013 **RMB'000**	2012 RMB'000
Assets:		
Total assets for operating and reportable segments	**26,147,988**	20,557,349
Unallocated assets:		
Interests in associates	**1,566**	1,171
Interests in joint ventures	**71,084**	19,720
Financial assets at fair value through profit and loss	**–**	42,200
Available-for-sale investment	**38,910**	–
Restricted bank deposits	**855,564**	707,614
Amount due from a joint venture	**139,190**	–
Bank balances and cash	**2,776,879**	2,788,106
Corporate assets	**532,285**	410,437
Group's total assets	**30,563,466**	24,526,597

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

During the years ended 31 December 2013 and 2012, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

7. Revenue and Segment Information (continued)

Reconciliation: (continued)

	2013 RMB'000	2012 RMB'000
Other material items:		
Release of prepaid lease payments		
Reportable segment totals	18,261	12,102
Unallocated amount	283	–
	18,544	12,102
Release of premium on prepaid lease payments		
Reportable segment and Group's totals	15,342	11,133
Depreciation of property, plant and equipment		
Reportable segment totals	64,238	37,361
Unallocated amount	283	117
Group's total	64,521	37,478
Additions to non-current assets		
Reportable segment totals	495,432	313,673
Unallocated amount	5,649	–
Group's total	501,081	313,673
Gain (loss) on disposal of property, plant and equipment		
Reportable segment and Group's totals	39	(31)
Reversal (allowance) on bad and doubtful debt, net		
Reportable segment and Group's totals	4,117	(10,547)

8. Other Income, Gains and Losses

	2013 RMB'000	2012 RMB'000
Investment income (notes i)	**246,161**	–
Interest income	**7,007**	10,424
Forfeiture income on deposits received	**–**	853
Government grant (note ii)	**29,335**	8,505
Net exchange gain	**91,838**	7,483
Others	**11,170**	4,535
	385,511	31,800

Notes:

(i) The amount represents the return on receivable from Pixian Government (note 24(i)).

(ii) The amount represents the grants received from the relevant PRC government to encourage the development of real estate industry. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

9. Finance Costs

	2013 RMB'000	2012 RMB'000
Interest on:		
– borrowings wholly repayable within five years	**315,091**	393,156
– borrowings not wholly repayable within five years	**66,988**	10,715
– senior notes	**542,664**	169,161
– finance lease	**1,045**	–
Less: Amount capitalised in properties under development for sale	**(658,372)**	(381,978)
Amount capitalised in land development expenditure	**–**	(120,570)
Amount capitalised in investment properties under development	**(7,122)**	(4,951)
Amount capitalised in construction in progress	**–**	(7,835)
	260,294	57,698

In 2013, certain amount of borrowing costs capitalised arose on the general borrowing pool and were calculated by applying the capitalisation rate of 13.24% per annum (2012: 9.6% per annum) to expenditure on qualifying assets.

10. Profit before Tax

	2013 RMB'000	2012 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**14,784**	9,800
Other staff's salaries and allowances	**264,165**	208,861
Retirement benefit scheme contributions	**47,884**	19,930
Share-based payments	**6,555**	3,378
Total staff costs	**333,388**	241,969
Less: Amount capitalised in properties under development for sale	**(92,920)**	(85,566)
Amount capitalised in land development expenditure	**–**	(4,021)
Amount capitalised in investment properties under development	**–**	(1,152)
	240,468	151,230
Auditor's remuneration	**4,868**	4,165
Release of prepaid lease payments	**18,544**	12,102
Release of premium on prepaid lease payments	**15,342**	11,133
Depreciation of property, plant and equipment	**64,521**	37,478
Amortisation of intangible assets	**906**	–
(Gain) loss on disposal of property, plant and equipment	**(39)**	31
(Reversal of) allowance on bad and doubtful debts, net	**(4,117)**	10,547
Listing expense of a non-wholly owned subsidiary of the Company	**27,748**	–
Cost of properties sold recognised as an expense	**4,233,681**	3,420,029
Contract cost recognised as an expense	**22,321**	29,695
Office expenses	**38,559**	15,989
Rental expenses in respect of rented premises under operating leases	**9,128**	6,994
Gross rental income from investment properties	**(128,673)**	(90,266)
Less: direct operating expenses from investment properties that generated rental income	**6,664**	7,139
	(122,009)	(83,127)

11. Income Tax Expense

	2013 RMB'000	2012 RMB'000
Current tax:		
PRC taxes		
EIT	**634,865**	541,120
LAT	**576,870**	580,082
	1,211,735	1,121,202
Deferred tax		
Current year	**(37,623)**	140,007
	1,174,112	1,261,209

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's PRC enterprise income tax is calculated based on the applicable tax rate on assessable profits, if applicable.

LAT 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 cost of land use rights and all property development expenditures.

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

	Notes	2013 RMB'000	2012 RMB'000
Profit before tax		**2,404,303**	2,386,858
Tax at PRC enterprise income tax rate of 25%	(i)	**601,076**	596,715
Tax effect of share of results of associates		**(169)**	(104)
Tax effect of share of result of a joint venture		**1,679**	–
Tax effect of income not taxable for tax purposes		**(1,323)**	(2,539)
Tax effect of expenses not deductible for tax purposes	(ii)	**68,814**	57,122
Tax effect of tax losses not recognised		**71,319**	53,572
Utilisation of tax losses previously not recognised		**(10,132)**	(2,116)
LAT		**576,870**	580,082
Tax effect of LAT		**(144,218)**	(145,021)
Tax effect of different tax rates of subsidiaries		**(6,509)**	(8,211)
Others	(iii)	**16,705**	131,709
Income tax expense for the year		**1,174,112**	1,261,209

11. Income Tax Expense (continued)

Notes:

(i) Majority of the assessable profits of the Group were derived from subsidiaries situated in the PRC and the applicable enterprise income tax rate of those subsidiaries is 25%.

(ii) The amounts for the years ended 31 December 2013 and 2012 mainly relate to the tax effect of expenses incurred by offshore companies, including the interest on senior notes and professional fees.

(iii) The amounts for the years ended 31 December 2013 and 2012 mainly represent the deferred taxes of LAT payable on changes in fair value of the Group's investment properties in the PRC upon sales of those investment properties.

12. Directors', Chief Executive's and Employees' Remuneration

The emoluments paid or payable to the directors and the chief executive were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000 (note vii)	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2013						
Executive directors:						
Pan Jun (潘軍) (note i)	–	2,497	787	44	746	4,074
Zeng Jie (曾寶寶)	–	2,497	787	44	746	4,074
Lam Kam Tong (林錦堂)	–	1,920	963	15	229	3,127
Zhou Jinquan (周錦泉) (note ii)	–	1,247	783	39	–	2,069
Independent non-executive directors:						
He Min (何敏)	240	–	–	–	120	360
Huang Ming (黃明)	240	–	–	–	120	360
Liao Changjiang (廖長江)	240	–	–	–	120	360
Xu Quan (許權)	240	–	–	–	120	360
	960	8,161	3,320	142	2,201	14,784
For the year ended 31 December 2012						
Executive directors:						
Pan Jun (潘軍) (note i)	–	1,984	–	43	448	2,475
Zeng Jie (曾寶寶)	–	1,984	–	43	448	2,475
Feng Huiming (馮輝明) (note iv)	–	772	–	43	270	1,085
Lam Kam Tong (林錦堂) (note v)	–	702	514	6	51	1,273
Chan Sze Hon (陳思翰) (note vi)	–	938	–	9	297	1,244
Independent non-executive directors:						
He Min (何敏)	240	–	–	–	72	312
Huang Ming (黃明)	240	–	–	–	72	312
Liao Changjiang (廖長江)	240	–	–	–	72	312
Xu Quan (許權)	240	–	–	–	72	312
	960	6,380	514	144	1,802	9,800

12. Directors', Chief Executive's and Employees' Remuneration (continued)

Notes:

(i) Mr. Pan Jun is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(ii) Appointed on 28 March 2013.

(iii) Appointed on 28 March 2013.

(iv) Resigned on 3 September 2012.

(v) Appointed on 28 May 2012.

(vi) Resigned on 30 November 2012.

(vii) The discretionary bonus is determined by the board of directors based on the Group's performance for each financial year.

Employees' emoluments

The five individuals with the highest emoluments in the Group included 3 (2012: 2) directors for both years. Details of their emoluments are set out above. The emoluments of the remaining 2 (2012: 3) of the five highest paid individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries and allowances	**3,296**	3,265
Discretionary bonus	**1,929**	1,133
Retirement benefit scheme contributions	**95**	128
Share-based payments	**847**	734
	6,167	5,260

Their emoluments were within the following band:

	2013 No. of employees	2012 No. of employees
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
HK$4,000,001 to HK$4,500,000	**1**	–

During the years ended 31 December 2013 and 2012, no remuneration was paid by the Group to any of the directors and Chief Executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and Chief Executive waived any remuneration for the years ended 31 December 2013 and 2012.

13. Dividends

	2013 RMB'000	2012 RMB'000
Dividends recognised as distribution during the year:		
2012 Final – HK5.50 cents (2012: 2011 final dividend HK4.00 cents) per shares	**228,576**	168,859

Note: Subsequent to the end of the reporting period, a final dividend in respect of year ended 31 December 2013 of HK6.68 cents, equivalent to RMB5.27 cents (2012: final dividend for the financial year ended 31 December 2012 of HK5.50 cents, equivalent to RMB4.46 cents) per share amounting to approximately RMB257,952,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

14. Earnings Per Share

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

	2013 RMB'000	2012 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
(Profit for the year attributable to owners of the Company)	**1,215,038**	1,139,241
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,181,097,750**	5,207,221,750
Effect of dilutive potential ordinary shares		
Share options	**26,579,949**	2,790,310
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,207,677,699**	5,210,012,060

15. Property, Plant and Equipment

	Hotel buildings RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2012	99,395	48,694	20,343	56,773	21,943	338,301	585,449
Additions	–	1,438	6,940	25,499	2,878	105,899	142,654
Acquisition of subsidiaries	–	–	–	1,444	–	–	1,444
Transfer	316,620	43,080	–	–	–	(359,700)	–
Transfer to investment properties (Note)	–	(44,008)	–	–	–	–	(44,008)
Disposals	–	(4,300)	–	(2,335)	(217)	–	(6,852)
At 31 December 2012	416,015	44,904	27,283	81,381	24,604	84,500	678,687
Additions	–	4,946	8,667	26,754	245,373	51,347	337,087
Acquisition of subsidiaries	–	49,622	–	6,554	–	–	56,176
Disposal of subsidiaries	–	–	–	–	(991)	–	(911)
Transfer upon completion	2,910	40,589	–	–	–	(43,499)	–
Transfer to investment properties (Note)	–	(4,947)	–	–	–	–	(4,947)
Disposals	–	–	–	(1,007)	(6,371)	–	(7,378)
At 31 December 2013	**418,925**	**135,114**	**35,950**	**113,682**	**262,615**	**92,348**	**1,058,634**
DEPRECIATION							
At 1 January 2012	5,674	7,189	10,600	22,448	10,323	–	56,234
Provided for the year	14,501	2,206	6,736	10,857	3,178	–	37,478
Eliminated on disposals	–	(425)	–	(248)	(39)	–	(712)
At 31 December 2013	**20,175**	**8,970**	**17,336**	**33,057**	**13,462**	**–**	**93,000**
Provided for the year	**22,250**	**13,640**	**4,429**	**17,094**	**7,108**	**–**	**64,521**
Eliminated on disposal of subsidiaries	**–**	**–**	**–**	**–**	**(267)**	**–**	**(267)**
Eliminated on disposals	**–**	**–**	**–**	**(668)**	**(3,103)**	**–**	**(3,771)**
Transfer to investment properties (Note)	**–**	**(90)**	**–**	**–**	**–**	**–**	**(90)**
At 31 December 2013	**42,425**	**22,520**	**21,765**	**49,483**	**17,200**	**–**	**153,393**
CARRYING AMOUNTS							
At 31 December 2013	**376,500**	**112,594**	**14,185**	**64,199**	**245,415**	**92,348**	**905,241**
At 31 December 2012	395,840	35,934	9,947	48,324	11,142	84,500	585,687

Note: During the year ended 31 December 2013, buildings with carrying amount of RMB4,857,000 (2012: RMB44,008,000) were transferred to investment properties upon change in use as evidenced by commencement of operating leases. The excess of the fair value of these properties at the date of change in use over the carrying amounts, amounting to approximately RMB3,960,000 (2012: RMB45,708,000) were recognised in other comprehensive income and accumulated in the property revaluation reserve in equity.

The following useful lives are used in the calculation of depreciation:

Hotel buildings	Over the shorter of the term of lease or 20 years
Buildings	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvement	5–10 years
Furniture, fixtures and equipment	5 years
Transportation equipment	5 to 15 years

15. Property, Plant and Equipment (continued)

At 31 December 2013, certain of the Group's buildings and hotel buildings with carrying amounts of RMB223,582,000 (2012: RMB60,561,000) were pledged to banks to secure certain banking facilities granted to the Group.

The hotel buildings amounting to approximately RMB336,122,000 (2012: RMB351,302,000) and RMB47,149,000 (2012: RMB44,538,000) are held under medium-term and long-term leases in the PRC, respectively. All the buildings are held under medium-term lease in the PRC at the end of both reporting periods.

At 31 December 2013, transportation equipment amounting to approximately RMB235,710,000 (2012: nil) are held under finance lease.

16. Investment Properties

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2012	2,193,871	249,823	2,443,694
Transfer from property, plant and equipment (note 15)	89,716	–	89,716
Additions	–	154,531	154,531
Transfer from completed properties for sale (note 29)	588,272	–	588,272
Transfers upon completion of construction work	269,042	(269,042)	–
Disposal	(21,856)	–	(21,856)
Net change in fair value recognised in profit or loss	51,188	116,688	167,876
At 31 December 2012	3,170,233	252,000	3,422,233
Transfer from property, plant and equipment (note 15)	8,817	–	8,817
Additions	21,446	86,650	108,097
Transfer from completed properties for sale (note 29)	104,137	–	104,137
Transfer upon completion of construction work	22,390	(22,390)	–
Disposal	(85,826)	–	(85,826)
Net change in fair value recognised in profit or loss	55,886	111,434	167,319
Acquisition of subsidiaries (note 42(a))	314,301	290,227	604,528
Disposal of a subsidiary (note 43(a))	(316,477)	–	(316,477)
At 31 December 2013	3,294,907	717,921	4,012,828

At 31 December 2013, the fair values of the Group's completed investment properties of approximately RMB3,294,907,000 (2012: RMB3,170,233,000) and investment properties under development of approximately RMB717,921,000 (2012: RMB252,000,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, independent qualified professional valuers not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties were determined by income capitalisation approach, which is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuation of investment properties under construction is arrived at by residual method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.

In estimating the fair value of the properties, highest and best use of the properties is their current use.

At 31 December 2013, investment properties with fair value of RMB624,867,000 (2012: RMB633,145,000) represents completed car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied as there were no special provisions to obtain any title certificates, according to the relevant laws and regulations in the PRC.

16. Investment Properties (continued)

At 31 December 2013, certain of the Group's investment properties with an aggregate fair value of approximately RMB2,339,332,000 (2012: RMB1,636,564,000) were pledged to banks to secure the banking facilities granted to the Group.

The investment properties amounting to approximately RMB945,592,000 (2012: RMB1,185,782,000) and RMB3,067,236,000 (2012: RMB2,236,451,000) are held under medium-term and long-term leases in the PRC, respectively. All of the Group's property interests held under operating leases to earn rentals are classified and accounted for as investment properties and are measured using the fair value model.

The following table gives information about how the fair values of these investment properties as at 31 December 2013 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group	Fair value as at 31 December 2013 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range
Completed investment properties	3,245,541	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield (the higher of the term yield, the lower of the fair value)	2.0% – 5.5%
				2. Reversionary yield (the higher of the reversionary yield, the lower of the fair value)	2.3% – 6.0%
				3. Vacancy ratio (the higher of vacancy, the lower of the fair value)	0.0% – 8.0%
Completed investment properties	49,366	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	N/A	N/A

16. Investment Properties (continued)

Investment properties held by the Group	Fair value as at 31 December 2013 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range
Investment properties under construction	**318,160**	Level 3	Residual method – based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.	1. Contingency (the higher of the contingency, the lower of the fair value)	5%
				2. Developer's profit (the higher of the developer's profit, the lower of the fair value)	10%
				3. Marketing costs (the higher of the marketing costs, the lower of the fair value)	2%
				4. Future construction costs for completion (the higher of the construction costs, the lower of the fair value	N/A
				5. Gross development value (RMB59/M) (the higher of the gross development value, the higher of the fair value)	5,000–10,000
Investment properties under construction	**399,761**	Level 3	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm) (the higher of the market unit sales rate, the higher of the fair value)	5,300–9,715
	4,012,828				

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

17. Interests in Associates

	2013 RMB'000	2012 RMB'000
Cost of investment, unlisted	**500**	500
Share of post-acquisition results and other comprehensive income, net of dividends received	**1,066**	671
	1,566	1,171

As at 31 December 2013 and 2012, the Group had interests in the following associates:

Name of associate	Registered capital/ share capital	Equity interest attributable to the Group as at 31 December 2013 & 2012	Principal activities
Yuezhong Property Management Company Limited 深圳市越眾物業管理有限公司	RMB1,000,000	50%	Property management
Capitalrise Investment Pte. Ltd. 新加坡置富投資有限公司	SGD100	29%	Inactive

In the opinion of the directors of the Company, no associate is individually material to the Group.

18. Interest in Joint Ventures

	2013 RMB'000	2012 RMB'000
Costs of investments, unlisted	**77,798**	19,720
Share of post-acquisition results and other comprehensive income, net of dividends received	**(6,714)**	–
	71,084	19,720

18. Interest in Joint Ventures (continued)

As at 31 December 2013 and 2012, the Group had interests in the following joint ventures:

Name of joint ventures	Total capital amount injected by investors	Group's capital contribution over total capital injected by investors as at 31 December 2013	2012	Principal activities
新疆同之年股權投資合夥企業（有限合夥） Xinjiang Tongzhinian Equity Investment Partnership (Limited Liability Partnership) ("Xinjiang Tongzhinian")	RMB210,000,000	**9.4%**	9.4%	Investment in property project in PRC
Fantasia (Novena) Pte. Ltd. ("Novena") (note)	SGD1,000,000	**90.0%**	–	Property development in Singapore

Note: According to the Articles of Association of Novena, all operating and financing decisions require unanimous consent and approval from the shareholders including the Group and the other party.

Xinjiang Tongzhinian was formed during the year ended 31 December 2012 whereby its principal activity is to carry out the investment in property projects. Xinjiang Tongzhinian has not yet commenced its operation up to 31 December 2012. Pursuant to the terms of the joint venture agreement signed on 3 August 2012 between an indirect wholly owned subsidiary of the Company and the other joint venture partners of Xinjiang Tongzhinian, an investment committee was set up by Xinjiang Tongzhinian which has the power to govern the significant investment, operating policies and financial decision of Xinjiang Tongzhinian. The Group has the right to appoint three members out of five to the investment committee. Nevertheless, pursuant to the joint venture agreement, all resolutions by the investment committee require two-third of the committee members for approval. As such the significant investment, operating policies and financial decision of Xinjiang Tongzhinian require unanimous consent from both the Group and the other joint venture partners. Xinjiang Tongzhinian is regarded as a joint venture of the Company.

During the year ended 31 December 2013, the Group disposed of its 45% equity interests in TCL King Electronic Shenzhen Company Limited to Xinjiang Tongzhinian, and details of related disposal are disclosed in notes 43(b).

The principal activities of the both joint venture are strategic to the Group to continue with the expansion of the Group's property development operation.

18. Interest in Joint Ventures (continued)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

All of these joint ventures are accounted for using the equity method in these consolidated financial statements.

Xinjiang Tongzhinian

	2013	2012
	RMB'000	RMB'000
Current assets	**13,495**	209,889
Non-current assets	**193,500**	–

The above amounts of assets include the followings:

Investment in an associate	**193,500**	–
Bank balance	**13,495**	209,889
Loss and total comprehensive expense for the year	**2,893**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2013	2012
	RMB'000	RMB'000
Net assets of the joint venture	**206,995**	209,889
Proportion of the Group's ownership interest in Xinjiang Tongzhinian	**9.395%**	9.395%
Carrying amount of the Group's interest in Xinjiang Tongzhinian	**19,448**	19,720

18. Interest in Joint Ventures (continued)

Novena

	2013 RMB'000	2012 RMB'000
Current assets	10,364	N/A
Non-current assets	750,854	N/A

The above amounts of assets include the followings:

Properties under development	750,855	N/A
Bank balance	9,808	N/A
Prepayment	556	N/A

Current liabilities	168,714	N/A
Non-current liabilities	535,132	N/A

The above amounts of liabilities include the followings:

Borrowings	535,132	N/A
Amount due to the Group	139,190	N/A
Trade and other payables	26,438	N/A
Deposits received for sale of properties	3,086	N/A

Loss and total comprehensive expense for the year	7,159	N/A

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of the joint venture	57,373	N/A
Proportion of the Group's ownership interest in Novena	90.0%	N/A
Carrying amount of the Group's interest in Novena	51,636	N/A

19. Available-for-Sale Investment

	2013 RMB'000	2012 RMB'000
Unlisted equity investment	38,910	–

The above 10% equity investment in unlisted equity security issued by a private entity incorporated in the PRC. Its principal activity is property development in PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. It was acquired during the year ended 31 December 2013 through the acquisition of entire equity interest in Charmful Limited (see note 42(a)(v)).

20. Goodwill

	RMB'000
COST	
At 1 January 2012	31,516
Arising on acquisition of business (note 42(b))	16,488
At 31 December 2012	48,004
Arising on acquisition of business (note 42(b))	62,779
At 31 December 2013	110,783
IMPAIRMENT	
At 1 January 2012, 31 December 2012 and 31 December 2013	31,516
CARRYING AMOUNTS	
At 31 December 2013	79,267
At 31 December 2012	16,488

During the year ended 31 December 2013, the Group acquired 90% equity interest in Nanjing Mingcheng Property Management Company Limited (南京名稱物業管理有限公司) ("Nanjing Mingcheng"), the entire equity interest in Xiehe Golf (Shanghai) Co., Ltd. (協和高爾夫（上海）有限公司) ("Xiehe Golf"), 51% equity interest in Shaanxi Colour Life Community Service Co., Ltd. (陝西彩生活社區服務有限公司) ("Shaanxi Colour Life"), 90% equity interest in Nanjing Huitao property Management Services Limited (南京惠韜物業管理服務有限公司) ("Nanjing Huitao"), 80% equity interest in Wuxi Taihu Property Management Services Limited (無錫市太湖花園物業管理有限責任公司) ("Wuxi Taihu"), 70% equity interest in Shanghai Xinzhou Property Management Services Limited (上海欣周物業管理有限公司) ("Shanghai Xinzhou") and 90% equity interest in Nanjing Jinjiang Property Management Services Limited) (南京錦江物業管理有限公司) ("Nanjing Jinjiang") from independent third parties at total consideration of approximately RMB197,913,000.

During the year ended 31 December 2012, the Group acquired 51% equity interests in Tieling Zhengnan, entire equity interests in Nanjing Fantaisa, entire equity interests in Shaanxi Zhongqiang Property Management Company Limited (陝西中強物業管理有限公司) ("Shaanxi Zhongqiang"), entire equity interests in Heyuan Huada Property Management Company Limited (河源華達物業管理有限公司) ("Heyuan Huada") and 51% equity interests in Qinhuangdao Hongtianyuan from independent third parties at total consideration of approximately RMB15,440,000.

20. Goodwill (continued)

The principal activities of the acquirees are mainly provision of property operation services.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from those business combinations.

During the year ended 31 December 2013 and 2012, management of the Group determined that there is no impairment of its CGU containing goodwill for the acquisition of businesses.

21. Intangible Assets

	Property Management Licences RMB'000
COST	
Arising on acquisition of subsidiaries and at 31 December 2013	1,813
AMORTISATION	
Charge for the year and at 31 December 2013	906
CARRYING AMOUNTS	
At 31 December 2013	907

The above intangible assets have finite useful lives are amortised on a straight line basis over the licences period of 2 years.

22. Prepaid Lease Payments

The Group's prepaid lease payments comprise:

	2013 RMB'000	2012 RMB'000
Leasehold land in the PRC		
Medium-term lease	757,486	267,687
Long-term lease	507,153	582,686
	1,264,639	850,373

Analysed for reporting purposes as:

	2013 RMB'000	2012 RMB'000
Current asset	30,828	28,121
Non-current asset	1,233,811	822,252
	1,264,639	850,373

22. Prepaid Lease Payments (continued)

During the year ended 31 December 2013, the Group acquired prepaid lease payments of approximately RMB146,730,000 (2012: RMB635,608,000) through the acquisition of subsidiaries as disclosed in note 42.

During the year ended 31 December 2013, the Group acquired prepaid lease payments of approximately RMB766,512,000 (2012: RMB461,070,000) through public auction.

During the year ended 31 December 2012, prepaid lease payments of approximately RMB11,299,000 were transferred from properties under development for sale as a result of change in intended use of the land to self-use properties.

During the year ended 31 December 2013, prepaid lease payments of RMB476,915,000 (2012: RMB461,070,000) was transferred to properties under development for sale upon commencement of the related construction work in certain property development projects.

At 31 December 2013, certain of the Group's prepaid lease payments with a carrying amount of approximately RMB429,083,000 (2012: RMB235,757,000) were pledged to banks to secure the banking facilities granted to the Group.

23. Premium on Prepaid Lease Payments

Premium on prepaid lease payments of the Group represent the excess of the fair value over the carrying amount of the prepaid lease payments and amounting to approximately RMB186,398,000 (2012: RMB349,388,000) and RMB214,487,000 (2012: RMB260,975,000) in respect of leasehold lands in the PRC under medium-term and long-term lease acquired through acquisition of subsidiaries during the years and are amortised over the period of the remaining lease term on a straight-line basis.

	RMB'000
COST	
At 1 January 2012	460,474
Acquisition of assets and liabilities through acquisition of subsidiaries (note 42(a))	170,064
At 31 December 2012	630,538
Acquisition of assets and liabilities through acquisition of subsidiaries (note 42(a))	45,412
Transfer to property under development for sales	(246,809)
At 31 December 2013	429,141
AMORTISATION	
At 1 January 2012	9,042
Amortised for the year	11,133
At 31 December 2012	20,175
Amortised for the year	15,342
Eliminated on transfer to property under development for sales	(7,261)
At 31 December 2013	28,256
CARRYING AMOUNTS	
At 31 December 2013	400,885
At 31 December 2012	610,363

23. Premium on Prepaid Lease Payments (continued)

	2013 RMB'000	2012 RMB'000
Analysed for reporting purposes as:		
Current asset	10,853	19,219
Non-current asset	390,032	591,144
	400,885	610,363

24. Land Development Expenditure

	2013 RMB'000	2012 RMB'000
Cost incurred	666,131	1,217,463

(i) In September 2009, the Group entered into an agreement ("Agreement 1") with the People's Government of Pixian County ("Pixian Government") relating to the joint development of the Wangcong Ancient Sichuan Culture Park located in Pixian County, Chengdu, Sichuan Province ("Land Development Project 1"). Under the Agreement 1, the Group is responsible for preparing overall plans and detailed designs of the culture park as well as the construction of road nearby while the Pixian Government is required to complete the demolition and resettlement work, arrange public auction and pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 1.

During the year ended 31 December 2013, the Group entered into an agreement ("Agreement 2") with Pixian Government relating to the cancellation of the Agreement 1 and revision of the terms of the Land Development Project 1. Under the Agreement 2, the Group is responsible for provision of funds to Pixian Government and management the Land Development Project 1 to Pixian Government while the Pixian Government is required to repay finance cost at benchmark borrowing rate issued by the People's Bank of China, investment income at 12% per annum and project management fee at 3% per annum based on the accumulated cost incurred by the Group as stipulated in the formula set out in the Agreement 2, before the execution of Agreement 2, Pixian Government sold certain parcels of land to independent third parties upon completion of the road construction, demolition and resettlement work of Land Development Project 1 and paid to the Group amounting to approximately RMB156,249,000 which the refund was approximate to the cost incurred with no significant income recognized.

The accumulated cost incurred on the Project Development Project 1 after deduction of the refund received amounting to RMB506,669,000 was reclassified to other receivables. The Pixan Government is required to pay the return based on the cost incurred on Land Development Project 1 to the Group of RMB246,161,000 with reference to the formula set out in the Agreement 2 and the Group recognised as investment income during the year ended 31 December 2013 accordingly, In addition, pursuant to the Agreement 2, Pixan Government has to settle the receivables amounting to RMB375,989,000 on or before 30 June 2014 (classified as current assets included in note 30) and the remaining amount of RMB376,841,000 upon the land are disposed by Pixian Government which is classified as non-current assets.

24. Land Development Expenditure (continued)

(i) (continued)

The movements during the year are as follows:

	RMB'000
As at 1 January 2013	662,918
Repayment from Pixian Government	(156,249)
Transfer to other receivables	(506,669)
As at 31 December 2013	–

(ii) In March 2011, the Group entered into agreement ("Agreement 3") with the People's Government of Chengdu ("Chengdu Government") relating to the development of the Wu Gui Qiao Town located in Jinjiang area, Chengdu, Sichuan Province ("Land Development Project 2"). Under the Agreement 3, the Group is required to jointly construct the ancillary facilities on these parcels of land pursuant to the guidelines set by the Chengdu Government while the Chengdu Government is required to complete the demolition and resettlement work on these parcels of land. The land development expenditure represents the cost incurred for constructing the ancillary facilities. The additions during the year ended 31 December 2013 amounted to approximately RMB111,586,000 (2012: RMB24,545,000) and balance at 31 December 2013 amounted to approximately RMB666,131,000 (2012: RMB554,545,000).

Chengdu Government is required to arrange public auction for these parcels of land on or before 30 June 2014 after the Group has completed the construction of ancillary facilities and the Chengdu Government is required to pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 3.

The Land Development Project 2 is not expected to be completed within the normal operating cycle of the Group and accordingly is classified as non-current assets.

25. Deposit Paid for Acquisition of Subsidiaries

As at 31 December 2013, the Group has made deposits of approximately RMB150,000,000 in relation to the acquisition of parcels of land through acquisition of Shenzhen Jindiying Investment Company Limited (深圳市金地盈投資有限公司) ("Shenzhen Jingdiying") and Nanjing Lvguo Property Development Company Limited (南京綠國置業發展有限公司) ("Nanjing Lvguo") from third parties. The aforesaid companies are principally engaged in property development in the PRC. At the date these consolidated financial statements were authorised for issue, the acquisition of Shenzhen Jingdiying and Nanjing Lvguo have been completed.

As at 31 December 2012, the Group has made deposits of approximately RMB6,890,000 in relation to the acquisition of Nanjing Mingcheng Property Management Company Limited (南京名城物業管理有限公司) ("Nanjing Mingcheng"), Shanghai Tongyi Property Management Company Limited (上海通翼物業有限公司) ("Shanghai Tongyi") and Liaoning Jixiang Baite Company Limited (遼寧吉祥百特有限公司) ("Liaoning Jixiang") from third parties. The aforesaid companies are principally engaged in property management in the PRC. During the year ended 31 December 2013, the acquisition of Nanjing Mingcheng has been completed (see note 42(b)), the acquisition of Shanghai Tongyi and Liaoning Jixiang were terminated and the deposits had been fully returned.

26. Deposit Paid for Acquisition of a Property Project

As at 31 December 2013, the Group had made deposit of approximately RMB132,346,000 (2012: RMB126,004,000) in relation to the acquisition of a property project from an independent property developer. During the year ended 31 December 2013, the Group made additional deposit of approximately RMB6,342,000 for acquiring the aforesaid property project.

The aforesaid deposit relates to acquisition of a building for hotel operations and is therefore classified as non-current assets.

At the date these consolidated financial statements were authorised for issue, the acquisition of the property project has not been completed.

27. Deposit Paid for Acquisition of Land Use Rights

As at 31 December 2013, the Group had made deposit of approximately RMB435,423,000 in relation to acquisition of land use rights from the third parties (2012: RMB158,123,000). In the opinion of the directors of the Company, the aforesaid transactions are expected to be completed within twelve months from the end of the reporting period.

28. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised and movements during the current and prior years are as follow:

	Fair value change of investment properties RMB'000	Revaluation of other properties RMB'000	Temporary difference on accruals RMB'000	Tax losses RMB'000	Intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	483,204	4,851	(10,770)	(66,694)	–	(202,045)	208,546
Charge to other comprehensive income	–	14,633	–	–	–	–	14,633
Charge (credit) to profit or loss	264,430	–	844	(43,309)	–	(81,958)	140,007
At 31 December 2012	747,634	19,484	(9,926)	(110,003)	–	(284,003)	363,186
Charge to other comprehensive income	–	990	–	–	–	–	990
Acquisition of subsidiaries (note 42(a))	31,801	–	–	–	453	–	32,254
Charge (credit) to profit or loss	66,381	–	(20,782)	(8,783)	(227)	(74,212)	(37,623)
Disposal of a subsidiary (note 43(a))	(32,345)	–	–	–	–	–	(32,345)
At 31 December 2013	813,471	20,474	(30,708)	(118,786)	226	(358,215)	326,462

Note: Others mainly represent the deductible temporary difference arising from LAT provision.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2013 RMB'000	2012 RMB'000
Deferred tax assets	**(393,454)**	(329,372)
Deferred tax liabilities	**719,916**	692,558
	326,462	363,186

28. Deferred Taxation (continued)

At 31 December 2013, the Group had unutilised tax losses of approximately RMB1,388,626,000 (2012: RMB1,108,746,000). A deferred tax asset has been recognised in respect of approximately RMB475,144,000 (2012: RMB440,012,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB913,482,000 (2012: RMB668,734,000) due to the unpredictability of future profits streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2013	2012
	RMB'000	RMB'000
2013	**–**	17,314
2014	**10,657**	14,061
2015	**113,171**	116,575
2016	**230,218**	237,025
2017	**162,665**	183,087
2018	**270,782**	–
No expiry	**125,989**	100,672
	913,482	668,734

At 31 December 2013, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was approximately RMB4,939,281,000 (2012: RMB4,622,423,000). No liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

29. Properties for Sale

	2013	2012
	RMB'000	RMB'000
Completed properties for sale	**3,510,942**	2,345,047
Properties under development for sale	**10,680,537**	9,027,581
	14,191,479	11,372,628

At 31 December 2013, certain of the Group's properties for sale with a carrying amount of RMB5,455,403,000 (2012: RMB3,060,355,000) were pledged to secure certain banking facilities granted to the Group.

During the year ended 31 December 2012, RMB11,299,000 was transferred to prepaid lease payments, as a result of change in intended use to operate hotel business and for self used buildings as approved by the management of the Group.

During the year ended 31 December 2013, completed properties for sale with an aggregate carrying amount of approximately RMB93,960,000 (2012: RMB258,015,000) were transferred to investment properties upon change in use as evidenced by signing of relevant tenancy agreements.

The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to approximately RMB10,177,000 (2012: RMB330,257,000) were recognised in the consolidated statement of profit or loss and other comprehensive income.

Included in the amount are properties under development for sale of approximately RMB4,593,617,000 (2012: RMB4,239,726,000) in relation to property development projects that are expected to complete after one year from the end of the reporting periods.

30. Trade and Other Receivables

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, service and management income in respect of property management.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portion are received on or before the date of delivery of the properties to customers which is recorded as deposits received for sale of properties and the remaining balance are normally settled within 30–90 days from date of delivery of the properties to the customers under the sales and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and service fee income is received in accordance with the terms of the relevant property service agreements, normally within 30–90 days from the issuance of invoices.

Hotel operation income is in the form of cash sales.

	2013 RMB'000	2012 RMB'000
Trade receivables	**661,721**	964,674
Other receivables (note i)	**278,857**	109,523
Prepayments and other deposits	**116,237**	62,424
Prepayments for suppliers	**226,028**	217,188
Prepayments for construction work	**1,511,936**	643,326
Consideration receivable on disposal of subsidiary (Note 43(a))	**205,369**	–
Amount due from Pixian Government (Note 24)	**375,989**	–
Other tax prepayment (Note ii)	**207,522**	145,366
	3,583,659	2,142,501

Note:

(i) The balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation segment.

(ii) During the year ended 31 December 2013, the Group is required to prepay business tax amounting to approximately RMB200,573,000 (2012: RMB187,493,000) in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects. As at 31 December 2013, amount of approximately RMB204,844,000 (2012: RMB132,308,000) has been prepaid and included in other tax prepayment.

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the date of delivery of the properties to the customers at the end of the reporting period:

	2013 RMB'000	2012 RMB'000
0 to 30 days	**300,701**	487,829
31 to 90 days	**97,072**	256,995
91 to 180 days	**45,825**	30,727
181 to 365 days	**143,666**	113,747
Over 1 year	**74,457**	75,376
	661,721	964,674

30. Trade and Other Receivables (continued)

The trade receivables as at 31 December 2013 included the receivables from the property sales of approximately RMB375,759,000 (2012: 870,465,000) whereby the banks have agreed to provide mortgage facilities to the property purchasers and the banks are in the process of releasing the funds to the Group.

For property investment and property operating services, before accepting any new customer, the Group would assess the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

At 31 December 2013, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB236,948,000 (2012: RMB219,850,000) which are past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2013 RMB'000	2012 RMB'000
91 to 180 days	**45,825**	30,727
181 to 365 days	**143,666**	113,747
Over 1 year	**74,457**	75,376
	236,948	219,850

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2013 RMB'000	2012 RMB'000
Balance at the beginning of the year	**13,219**	2,672
Impairment losses reversed	**(5,697)**	(1,558)
Impairment losses recognised	**1,580**	12,105
Balance at the end of the year	**9,102**	13,219

As at 31 December 2013, included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of RMB9,102,000 (2012: RMB13,219,000) of which the debtors have been trade in dispute with the Group.

31. Amounts Due from Customers for Contract Works

	2013 RMB'000	2012 RMB'000
Contract costs incurred plus recognised profits less recognised losses	**544,747**	403,327
Less: Progress billings	**(558,006)**	(353,136)
	(13,259)	50,191

Analysed for reporting purposes as:

	2013 RMB'000	2012 RMB'000
Amounts due from customers for contract work	**41,059**	52,482
Amounts due to customers for contract work	**(54,318)**	(2,291)
	(13,259)	50,191

32. Amount Due from a Joint Venture

The amount due from Novena is unsecured, interest-free and repayable on demand.

33. Financial Assets at FVTPL

During the years ended 31 December 2013 and 2012, the Group entered into several contracts of structured deposits with banks. The return and principal were not guaranteed by the relevant banks and the return was determined by reference to the performance of certain PRC government debt instruments and treasury notes. The entire combined contracts have been designated as at financial assets at FVTPL on initial recognition. The expected return rate stated in the contracts ranges from 2.3% to 4.4% per annum.

In the opinion of the directors, the fair value of the structured deposits at 31 December 2012 approximated their principal amounts. During the year ended 31 December 2013, all structured deposits have been received at their principal amounts together with returns which approximated the expected return.

34. Restricted/Pledged Bank Deposits/Bank Balances and Cash

Restricted/pledged bank deposits

The deposits carry interest rates ranging from 0.4% to 0.5% (2012: 0.4% to 0.5%) per annum. The restricted bank deposits amounting to approximately RMB130,792,000 (2012: RMB61,343,000) will be released upon the buyers obtaining the individual property ownership certificate, while a total amount RMB178,737,000 (2012: RMB466,133,000) are proceeds from presale of properties with the restriction of use for settlement of construction costs for relevant property projects, and term deposits amounting to approximately RMB545,038,000 (2012: RMB180,138,000) were pledged to banks to secure the short term banking facilities granted to the Group.

During the year ended December 31, 2012, 深圳市布吉供水有限公司 (Shenzhen Buji Water Supplies Co., Ltd) ("Shenzhen Buji Water Supplies"), initiated a legal proceeding in Shenzhen Longgang District People's Court (the "Relevant Court") against a non-wholly owned subsidiary of the Company in relation to a water supply contract. The total amount of claims amounting to RMB10,900,000 included alleged non-payment of RMB2,600,000 and alleged late payment penalty and interest of RMB8,300,000. The Relevant Court has made a notice to a bank to freeze a bank deposit of approximately RMB997,000 of a non-wholly owned subsidiary of the Company to secure the payment of the water supply fee to Shenzhen Buji Water Supplies. The bank deposits of RMB997,000 had not yet been unfrozen as at 31 December 2012 and 2013 and therefore included in restricted bank deposits of the consolidated statement of financial position of the Group. Please refer to note 48(iii) for the disclosure of contingent liabilities.

34. Restricted/Pledged Bank Deposits/Bank Balances and Cash (continued)

Bank balances and cash

The bank balances carry variable interest rates ranging from 0.4%to 2.3% (2012: 0.4% to 2.9%) per annum.

At 31 December 2013, bank balances of the relevant group entities denominated in foreign currencies of USD, HKD, TWD, JPY and SGD, are approximately RMB57,407,000 (2012: RMB1,030,061,000), RMB307,011,000 (2012: RMB60,681,000), RMB2,255,000 (2012: RMB1,693,000), RMB25,795,000 (2012: RMB8,000) and RMB17,734,000 (2012: nil), respectively.

35. Trade and Other Payables

	2013 RMB'000	2012 RMB'000
Trade payables	**1,660,348**	1,730,059
Deposit received (note i)	**24,067**	57,023
Other payables (note ii)	**515,233**	275,392
Other tax payables	**61,559**	161,339
Payroll payable	**74,103**	48,181
Welfare payable	**2,620**	3,315
Retention payable	**60,400**	54,796
Consideration payable (note 42(a))	**19,462**	257,630
Accruals	**35,837**	15,722
	2,453,629	2,603,457

Notes:

(i) Included in other payables consists of approximately RMB24,067,000 (2012: RMB57,023,000) which was the earnest money received from potential property buyers.

(ii) The balance mainly includes the receipts on behalf of residents for the settlement of the utility and sundry expenses to be incurred at the property operation segment.

Trade payables principally comprise amounts outstanding for purchase of materials for the construction of properties for sale and ongoing expenditures. The average credit period for purchase of construction materials ranged from six months to one year.

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

	2013 RMB'000	2012 RMB'000
0 to 60 days	**1,217,018**	1,269,307
61 to 180 days	**223,488**	296,571
181 to 365 days	**153,212**	103,925
1–2 years	**42,320**	77,074
2–3 years	**80,116**	21,054
Over 3 years	**4,594**	16,924
	1,720,748	1,784,855

At 31 December 2013, the balances of approximately RMB60,400,000 (2012: RMB54,796,000) represent the retention money of approximately 5% to 10% of the construction contract price.

36. Amounts Due to Related Parties

	Notes	2013 RMB'000	2012 RMB'000
深圳立方建築設計顧問有限公司 Shenzhen Cube Architecture Designing Consultants Company Limited ("Cube Architecture")	(i)	**506**	1,150
深圳市安美華照明有限公司 Shenzhen City Anmeihua Lighting Company Limited ("Anmeihua Lighting")	(ii)	**–**	423
		506	1,573

Notes:

(i) Cube Architecture is an associate of a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company. The amount is unsecured, interest-free and represents the payables to Cube Architecture for the design fee of several property projects of the Group, and accordingly is of trade nature. The aging of the balance is within 90 days.

(ii) Anmeihua Lighting is a non-controlling shareholder which held 49% equity interests in a subsidiary of the Company. The amount was unsecured, interest-free and is non-trade nature.

37. Borrowings

	Notes	2013 RMB'000	2012 RMB'000
Bank loans		**5,395,393**	5,002,407
Other loans	(i)	**1,600,000**	550,000
		6,995,393	5,552,407
Secured		**5,886,462**	3,951,677
Unsecured		**1,108,931**	1,600,730
		6,995,393	5,552,407
Carrying amount repayable:	(iii)		
Within one year		**1,873,357**	1,860,653
More than one year, but not exceeding two years		**2,148,749**	1,910,568
More than two years, but not exceeding five years		**2,445,580**	1,427,002
More than five years		**527,707**	354,184
Total borrowings		**6,995,393**	5,552,407
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)		**(180,000)**	(591,641)
Less: Amounts due within one year shown under current liabilities		**(1,873,357)**	(1,860,653)
Borrowings due within one year		**(2,053,357)**	(2,452,294)
Borrowings due after one year		**4,942,036**	3,100,113

37. Borrowings (continued)

Notes:

(i) Other borrowings amounting to RMB1,600,000,000 (2012: RMB550,000,000) represent loans provided by certain trust companies, which are secured by property, plant and equipment, investment properties and properties for sale, carry interest at the fixed rate of 9.5% (2012: 13.5% to 17.0%) per annum. The loan balances as at 31 December 2013 are repayable on 16 January 2014, 27 August 2015 and 13 March 2016 respectively. The loan balance as at 31 December 2012 was matured and repaid in 2013.

(ii) As at 31 December 2013, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB53,552,000 (2012: RMB620,000,000) in aggregate.

(iii) The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2013, all borrowings are denominated in RMB except that secured borrowings amounting to approximately RMB624,432,000 (2012: RMB916,586,000), RMB108,500,000 (2012: RMB137,841,000) and RMB40,551,000 (2012: nil) are denominated in USD, HKD and JPY respectively, the functional currencies of relevant group entities.

The analysis of the Group's fixed-rate borrowings based on their contractual maturity dates (or reset dates) are as follows:

	2013 RMB'000	2012 RMB'000
Fixed-rate borrowings:		
Within one year	**57,075**	392,000
More than one year, but not exceeding two years	**1,557,075**	200,000
More than two years, but not exceeding five years	**4,083**	–
More than five years	**64,319**	–
	1,682,552	592,000

In addition, the Group has variable-rate borrowings which carry interest linked to LIBOR, HIBOR and Benchmark Rate. Interest is reset every six months. The analysis of the Group's variable-rate borrowings based on their contractual maturity dates are as follows:

	2013 RMB'000	2012 RMB'000
Variable-rate borrowings:		
Within one year	**1,816,282**	1,468,653
More than one year, but not exceeding two years	**591,674**	1,710,568
More than two years, but not exceeding five years	**2,441,497**	1,427,002
More than five years	**463,388**	354,184
	5,312,841	4,960,407

The ranges of effective interest rates (which are the contracted interest rates) on the Group's borrowings are as follows:

	2013	2012
Effective interest rate:		
Fixed-rate borrowings	**9.5% per annum**	12.6% to 18.0% per annum
Variable-rate borrowings		
LIBOR	**+2.0% per annum**	+2.0% per annum
HIBOR	**+2.0% per annum**	+2.0% per annum
Benchmark Rate	**–0.1% to +3.3% per annum**	–0.4% to +2.6% per annum

38. Obligations Under Finance Leases

	2013 RMB'000	2012 RMB'000
Analysed for reporting purposes as:		
Current liabilities	26,003	–
Non-current liabilities	140,418	–
	166,421	–

It is the Group's policy to lease certain of its transportation equipment under finance leases. The average lease term is 8 years (2012: nil). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging 4.2% (2012: nil) per annum.

	Minimum lease payments 2013 RMB'000	Present value of minimum lease payments 2013 RMB'000
Amounts payable under finance leases		
Within one year	32,595	26,003
More than one year but not more than two years	26,530	20,803
More than two years but not more than five years	74,402	62,408
More than five years	61,368	57,207
	194,895	166,421
Less: future finance charge	(28,474)	N/A
Present value of lease obligations	166,421	166,421
Less: Amount due for settlement within 12 months (shown under current liabilities)		(26,003)
Amount due for settlement after 12 months		140,418

Finance lease obligations are denominated in USD, which is not the functional currency of the relevant group entity and secured by lessor's charge on the leased asset.

39. Senior Notes

	Notes	2013 RMB'000	2012 RMB'000
2010 senior notes due 2015	(i)	739,633	755,139
2012 senior notes due 2017	(ii)	1,548,229	1,573,864
2013 – January senior notes due 2020	(iii)	1,566,332	–
2013 – May senior notes due 2016	(iv)	989,196	–
		4,843,390	2,329,003

39. Senior Notes (continued)

	Notes	2013 RMB'000	2012 RMB'000
2010 senior notes due 2015	(i)	**739,633**	755,139
2012 senior notes due 2017	(ii)	**1,548,229**	1,573,864
2013 – January senior notes due 2020	(iii)	**1,566,332**	–
2013 – May senior notes due 2016	(iv)	**989,196**	–
		4,843,390	2,329,003

Notes:

(i) 2010 senior notes

On 12 May 2010, the Company issued guaranteed senior notes in an aggregate principal amount of US$120,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 98.3% of the principal amount. The senior notes are listed on the Singapore Exchange Securities Trading Limited (the "SGX"). The senior notes carry interest of 14.0% per annum and interest is payable semi-annually on 12 May and 12 November in arrears. The senior notes will mature on 12 May 2015, unless redeemed earlier.

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 5 May 2010 ("Applicable Premium 1") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 1 is the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of the amount equivalent to the principal amount and related interest up to 12 May 2015 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 12 May 2013, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 114% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. As of 31 December 2013, no senior notes had been redeemed by exercised of this option and this option was expired.

The senior notes contain a liability component and the above early redemption options:

(a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14.9% per annum to the liability component since the senior notes were issued.

(b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, at 31 December 2012 and at 31 December 2013.

(ii) 2012 senior notes

On 27 September 2012, the Company issued senior notes in an aggregate principal amount of US$250,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 99.5% of the principal amount of the senior notes. The senior notes are listed on the SGX. The senior notes carry interest of 13.8% per annum and interest is payable semi-annually on 27 March and 27 September in arrears. The notes will mature on 27 September 2017, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 20 September 2012 ("Applicable Premium 2") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 2 is the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of the amount equivalent to the principal amount and related interest up to 27 September 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 September 2015, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 113.8% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

39. Senior Notes (continued)

Notes: (continued)

(ii) 2012 senior notes (continued)

The senior notes contain a liability component and the above early redemption options:

(a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14.8% per annum to the liability component since the senior notes were issued.

(b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, at 31 December 2012 and at 31 December 2013.

(iii) 2013 – January senior notes

On 22 January 2013, the Company issued guaranteed senior notes in an aggregate principal amount of US$250,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.75% per annum and interest is payable semi-annually on 22 January and 22 July in arrears. The senior notes will mature on 22 January 2020, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 22 January 2013 ("Applicable Premium 3") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 3 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 22 January 2020 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 22 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Period	Redemption price
22 January 2017–21 January 2018	105.3750%
22 January 2018–21 January 2019	102.6875%
22 January 2019 and thereafter	100.0000%

At any time and from time to time prior to 22 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date and at 31 December 2013.

The senior notes contain a liability component and the above early redemption options:

(a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 11.30% per annum to the liability component since the senior notes were issued.

(b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2013.

39. Senior Notes (continued)

Notes: (continued)

(iv) 2013 – May senior notes

On 27 May 2013, the Company issued guaranteed senior notes in an aggregate principal amount of RMB1,000,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 7.875% per annum and interest is payable semi-annually on 27 November and 27 May in arrears. The senior notes will mature on 27 May 2016, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 27 May 2013 ("Applicable Premium 4") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 4 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 27 May 2016 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 May 2016, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 107.875% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The senior notes contain a liability component and the above early redemption options:

(a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 8.70% per annum to the liability component since the senior notes were issued.

(b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2013.

The movements of the liability component in the senior notes during the year are set out below:

	2013 **RMB'000**	2012 RMB'000
Carrying amount as at 1 January	**2,329,003**	752,367
Net proceeds on the date of issuance	**2,508,503**	1,530,324
Exchange gain	**(102,625)**	(16,408)
Interest expenses	**542,664**	169,161
Less: interest paid to note holders	**(434,155)**	(106,441)
Carrying amount as at 31 December	**4,843,390**	2,329,003

39. Senior Notes (continued)

The carrying amounts and fair values of senior notes (based on the ask price in SGX) are disclosed below:

	Fair value hierarchy	2013 Carrying amount RMB'000	2013 Fair value RMB'000	2012 Carrying amount RMB'000	2012 Fair value RMB'000
Senior notes	**Level 1**	**4,843,390**	**5,222,844**	2,329,003	2,662,171

40. Redeemable Shares

On 29 May 2013, the Company, a non wholly owned subsidiary of the Company, China Bowen Capital Management Limited ("China Bowen"), and Splendid Fortune Enterprise Limited ("Splendid Fortune") entered into a subscription agreement ("China Bowen Subscription Agreement"), pursuant to which the non-wholly owned subsidiary of the Company agreed to issue and allot to China Bowen, and China Bowen agreed to subscribe for an aggregate of 13,752 ordinary shares (the "China Bowen Subscription Shares") with a total subscription price of HK$7,762,400 (equivalent to US$1,000,000 or RMB6,177,000). The non-wholly owned subsidiary of the Company has granted an option (the "Put Option") to China Bowen that in the event that an initial public offering of a non wholly owned subsidiary of the Company does not complete on or before 4 June 2015 (or such later date as the non wholly owned subsidiary of the Company and China Bowen may agree in writing), China Bowen may, for a period of 30 days thereafter, by notice in writing to the Company, require the non-wholly owned subsidiary of the Company to purchase all the China Bowen Subscription Shares then held by China Bowen at the amount equal to the sum of the subscription amount by China Bowen plus a return calculated at the rate of 12% per annum minus any dividends or distribution and any amounts in relation to the transfer or disposal of such China Bowen Subscription Shares, received by China Bowen in relation to the China Bowen Subscription Shares.

The Group has recognised the above subscription with the put option amounting to RMB6,177,000 as financial liability. If the non-wholly owned subsidiary of the Company completes a qualifying initial public offering on or before 4 June 2015, the China Bowen Subscription Shares will be reclassified to non-controlling interests of the Group.

41. Share Capital

	Number of shares	Amount HK$	Equivalent to RMB'000
Ordinary shares of HK$0.1 each			
Authorised:			
At 1 January 2012, 31 December 2012, and 31 December 2013	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2012 and 31 December 2012	5,207,221,750	520,722,175	457,093
Shares repurchased and cancelled	(313,488,000)	(31,348,800)	(27,518)
At 31 December 2013	**4,893,733,750**	**489,373,375**	**429,575**

41. Share Capital (continued)

During the year ended 31 December 2013, the Company repurchased its own shares through the SEHK as follows:

Month of repurchase	No. of ordinary shares at HK$0.01 per share	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
November	313,488,000	1.54	1.37	472,637
				Equivalent to RMB'000
				373,856

The above shares were cancelled subsequently on 2 December 2013 and the aggregate consideration is approximate to RMB373,856,000.

None of the Company's subsidiaries sold or redeemed any of the Company's listed securities during the years ended 31 December 2013 and 2012.

42. Acquisitions of Subsidiaries

(a) Acquisitions of Assets and Liabilities through Acquisitions of Subsidiaries

For the year ended 31 December 2013

(i) On 30 January 2013, the Group acquired a parcel of land through the acquisition of 60% equity interest in Shenzhen Tengxing Hongda Investment Development Co., Ltd. (深圳騰星宏達投資發展有限公司) ("Shenzhen Tengxing") from an independent third party.

Pursuant to the agreement signed by the Group and the former equity holder of Shenzhen Tengxing, the Group was required to pay cash of approximately RMB47,900,000 for the acquisition. In addition, the Group agreed with the former equity holder of Shenzhen Tengxing that after the property project construction is completed by the Group, the Group is required to transfer 5% of the completed property in this property project to the former equity holder of Shenzhen Tengxing. The Group is responsible for management and providing funding to finance this property project. In addition, the former equity holder of Shenzhen Tengxing Hongda Investment Development Co., Ltd ("Shenzhen Tengxing") will not share any profit or loss of the property project.

Accordingly, the potential amount of the costs (including development expenditure and other attributable expenses of the construction of properties) to be incurred to complete for this 5% completed property to be delivered to the former equity holder of Shenzhen Tengxing is accounted for as a provision amounted to RMB29,591,000 in the consolidated statement of financial position as at 31 December 2013.

Against this background 40% equity interest in Shenzhen Tentxing is not considered as non-controlling interest of the Group.

42. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of Assets and Liabilities through Acquisitions of Subsidiaries (continued)

For the year ended 31 December 2013

(ii) On 9 May 2013, the Group acquired a completed investment property situated in Shanghai, the PRC through the acquisition of the entire registered capital of China Land Property Holdings Limited (中國地產集團有限公司) at a cash consideration of approximately RMB282,500,000.

(iii) On 22 May 2013, the Group acquired a parcel of land situated in Suzhou, the PRC which was under development through the acquisition of the entire equity interest in Suzhou Yinzhuang Real Estate Company Limited (蘇州銀莊置地有限公司) from an independent third party at a cash consideration of approximately RMB511,959,000.

(iv) On 26 June 2013, the Group acquired a parcel of land situated in Ningbo, the PRC which was under development through the acquisition of the entire equity interest in Ningbo Century Huafeng Property Company Limited (寧波世紀華豐房產有限公司) of a cash consideration of approximately RMB602,902,000.

(v) On 30 November 2013, the Group acquired the 10% equity interest in AFS through the acquisition of the entire equity interest in Charmful Limited of a cash consideration of approximately RMB38,923,000. The investee engages in property development in Nanjing, the PRC. As at 31 December 2013, the outstanding consideration of amounting to RMB19,461,000 is included in trade and other payables.

(vi) On 25 December 2013, the Group acquired a parcel of land situated in Shenzhen, the PRC which was under development through the acquisition of the entire equity interest in Shenzhen Shengbaijing Investment Development Company Limited (深圳市生百景投資發展有限公司) of a cash consideration of approximately RMB68,000,000.

(vii) On 30 November 2013, the Group acquired a parcel of land situated in Shenzhen, the PRC which was under development through the acquisition of the entire equity interest in Twinkle Electronic Company Limited (天歌電子有限公司) of a cash consideration of approximately RMB52,780,000.

(viii) On 25 December 2013, the Group acquired a parcel of land situated in Shenzhen, the PRC which was under development through the acquisition of the entire equity interest in Shenzhen Zhongji Jade Property Development Company Limited (深圳市中稷玉石房地產開發有限公司) of a cash consideration of approximately RMB200,000,000.

42. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of Assets and Liabilities through Acquisitions of Subsidiaries (continued)

For the year ended 31 December 2013 (continued)

The above transactions are accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions is summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	55
Investment properties	604,528
Available-for-sale investment	38,910
Prepaid lease payments	7,228
Premium on prepaid lease payments	45,412
Deposit for acquisition of land use rights	217,073
Property under development for sales	970,377
Other receivables	137,552
Bank balances and cash	7,112
Other payables	(118,574)
Tax payable	(2)
Deferred tax liabilities	(31,801)
	1,877,870
Identifiable net assets shared by non-controlling interests	(43,315)
	1,834,555
Total consideration satisfied by:	
Cash	1,785,503
Consideration payable due within one year included in trade and other payables	19,461
Provision arisen of acquisition of Shenzhen Tengxing	29,591
	1,834,555
Net cash outflow arising on acquisitions	
Cash consideration paid during the year	1,785,503
Bank balances and cash acquired	(7,112)
	1,778,391

42. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of Assets and Liabilities through Acquisitions of Subsidiaries (continued)

For the year ended 31 December 2012

(i) On 31 December 2012, the Group acquired a parcel of land through the acquisition of 61% equity interests in Topsearch Printed Circuits (Shenzhen) Ltd. ("Topsearch Printed Circuits") (至卓飛高線路板(深圳)有限公司) from an independent third party at a cash consideration of approximately RMB213,421,000.

(ii) On 20 November 2012, the Group acquired a parcel of land through the acquisition of 100% equity interests in Huawanli Investment (Beijing) Company Limited (花萬里投資(北京)有限公司) from an independent third party at a cash consideration of approximately RMB458,850,000, after deducting an amount of RMB320,300,000 relating to the amount owned by the purchaser to Huawanli Investment (Beijing) Company Limited (花萬里投資(北京)有限公司) at the date of acquisition.

The above transactions were accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions is summarised below:

	RMB'000
Net assets acquired	
Prepaid lease payments	635,608
Premium on prepaid lease payments	170,064
Property, plant and equipment	1,154
Other receivables	1,246
Bank balances and cash	776
Other payables	(127)
	808,721
Identifiable net assets shared by non-controlling interests	(136,450)
	672,271
Total consideration satisfied by:	
Cash	458,850
Consideration payable (note)	213,421
	672,271
Net cash (outflow) inflow arising on acquisitions	
Cash consideration paid during the year	(458,850)
Bank balances and cash acquired	776
	(458,074)

Note: In 2013, the consideration payable was settled.

42. Acquisitions of Subsidiaries (continued)

(b) Acquisition of Business

For the year ended 31 December 2013

(i) On 8 January 2013, the Group acquired 90% equity interest in Nanjing Mingcheng at a consideration of approximately RMB5,680,000. Nanjing Mingcheng was acquired so as to continue the expansion of the Group's property operation.

(ii) On 6 February 2013, the Group acquired the entire equity interest in Xiehe Golf at a consideration of approximately RMB159,993,000. Xiehe Golf is principally engaged in provision of golf course services and was acquired with the objective of enter into the market of golf course services.

(iii) On 26 March 2013, the Group acquired 51% equity interest in Shaanxi Colour Life at a consideration of approximately RMB1. Shaanxi Colour Life was acquired so as to continue the expansion of the Group's property management operation.

(iv) On 1 May 2013, the Group acquired 90% equity interest in Nanjing Huitao at a consideration of approximately RMB5,280,000. Nanjing Huitao was acquired so as to continue with the expansion of the Group's property management operation.

(v) On 1 July 2013, the Group acquired 80% equity interest in Wuxi Taihu at a consideration of approximately RMB3,200,000. Wuxi Taihu was acquired so as to continue with the expansion of the Group's property management operation.

(vi) On 1 July 2013, the Group acquired 70% equity interest in Shanghai Xinzhou at a consideration of approximately RMB13,880,000. Shanghai Xinzhou was acquired so as to continue with the expansion of the Group's property management operation.

(vii) On 1 July 2013, the Group acquired 90% equity interest in Nanjing Jingjiang at a consideration of approximately RMB9,880,000. Nanjing Jingjiang was acquired so as to continue with the expansion of the Group's property management operation.

Total Consideration transferred

	RMB'000
Cash	**197,913**

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and recognised as an expense in the current year and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

42. Acquisitions of Subsidiaries (continued)

(b) Acquisition of Business (continued)

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Intangible assets	1,813
Property, plant and equipment	56,121
Prepaid lease payments	139,502
Trade and other receivables	19,548
Bank balances and cash	9,010
Trade and other payables	(80,587)
Tax payable	(258)
Deferred tax liabilities	(453)
Borrowings	(447)
	144,249

The trade and other receivables acquired with a fair value of approximately RMB19,548,000 approximate its gross contractual amount.

Non-controlling interests

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB9,115,000.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	197,913
Non-controlling interests	9,115
Less: fair value of net assets acquired	(144,249)
Goodwill arising on acquisition	62,779

Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date. These assets could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

42. Acquisitions of Subsidiaries (continued)

(b) Acquisition of Business (continued)

Net cash outflow arising on acquisition

	RMB'000
Cash consideration paid	197,913
Less: deposits paid in prior years	(5,680)
Less: bank balances and cash acquired	(9,010)
	183,223

For the year ended 31 December 2012

(i) During the year ended 31 December 2012, the Group acquired five subsidiaries from various independent third parties which the acquirees are principally engaged in provision of property operation services and were acquired with the objective of expansion of property operation services.

(ii) On 3 January 2012, the Group acquired 51% equity interests in Tieling Zhengnan at a consideration of approximately RMB1,980,000. Deposit of approximately RMB1,980,000 was paid up to 31 December 2011.

(iii) On 1 March 2012, the Group acquired entire equity interests in Nanjing Fantasia at a consideration of approximately RMB4,000,000. Deposit of approximately RMB4,000,000 was paid up to 31 December 2011.

(iv) On 1 July 2012, the Group acquired entire equity interests in Shanxi Zhongqiang at a consideration of approximately RMB800,000. No deposit was paid up to 31 December 2011.

(v) On 8 August 2012, the Group acquired entire equity interests in Heyuan Huada at a consideration of approximately RMB5,680,000. No deposit was paid up to 31 December 2011.

(vi) On 20 September 2013, the Group acquired 51% equity interests in Qinhuangdao Hongtianyuan at a consideration of approximately RMB2,980,000. Deposit of approximately RMB894,000 was paid up to 31 December 2011.

42. Acquisitions of Subsidiaries (continued)

(b) Acquisition of Business (continued)

Consideration transferred

	RMB'000
Cash	12,384
Consideration payables	3,056
Total	15,440

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and have been recognised as an expense in the period within the "administrative expenses" line item in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	290
Trade and other receivables	13,675
Bank balances and cash	5,457
Trade and other payables	(15,695)
Tax payable	(10)
	3,717

The trade and other receivables acquired with a fair value of approximately RMB13,675,000 had gross contractual amounts of approximately RMB13,675,000.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	15,440
Non-controlling interests	4,765
Less: fair value of net assets acquired	(3,717)
Goodwill arising on acquisition	16,488

The non-controlling interests amounting to approximately RMB4,765,000, were measured by reference to the proportionate share of the 49% of Tieling Zhengnan and 49% of Qinhuangdao Hongtianyuan's net identifiable assets at the acquisition date.

Goodwill arose on the acquisitions of Tieling Zhengnan, Nanjing Fantasia, Shaanxi Zhongqiang, Heyuan Huada and Qinhuangdao Hongtianyuan because the acquisitions included the benefit of expected synergies and the future profitability as at acquisition date. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

42. Acquisitions of Subsidiaries (continued)

(b) Acquisition of Business (continued)

Net cash outflow arising on acquisition

	RMB'000
Cash consideration paid	12,384
Less: deposits paid in 2011	(6,874)
Less: bank balances and cash acquired	(5,457)
	53

Included in the profit for the year ended 31 December 2012 is approximately RMB1,887,000 attributable to the additional businesses generated by Tieling Zhengnan, Nanjing Fantasia, Shaanxi Zhongqiang, Heyuan Huada and Qinhuangdao Hongtianyuan in total. Revenue for the year includes approximately RMB23,855,000 generated from Tieling Zhengnan, Nanjing Fantasia, Shaanxi Zhongqiang, Heyuan Huada and Qinhuangdao Hongtianyuan in total.

Had the above acquisitions been completed on 1 January 2012, the revenue of the Group for the year ended 31 December 2012 would have been approximately RMB6,283,792,000, and the profit for the year would have been approximately RMB1,127,267,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January 2012, nor is intended to be a projection of future results.

43. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the year ended 31 December 2013

(i) On 30 November 2013, the Group disposed of its entire equity interest in China Land Property Holdings Limited (中國地產集團有限公司) ("China Land") to an independent third party for a consideration of approximately RMB405,000,000. China Land was engaged in provision of property investment.

(ii) On 11 January 2013, the Group disposed of its entire equity interest in Shenzhen Chaiyue Hotel Company Limited (深圳市彩悦酒店有限公司) ("Caiyue Hotel") to independent third parties for a consideration of approximately RMB2,000. Caiyue Hotel was engaged in provision of hotel services.

(iii) On 13 March 2013, the Group disposed of its entire equity interest in Shenzhen Caiyue Hotel management Company Limited (深圳市彩悦酒店管理有限公司) ("Caiyue Hotel Management") to independent third parties for a consideration of approximately RMB2,000. Caiyue Hotel Management was engaged in provision of hotel services.

(iv) On 16 July 2013, the Group disposed of its entire equity interests in Shenzhen Colour Life Qingjie Service Company Limited (深圳市彩虹清潔服務有限公司) ("Colour Life Qingjie") to an independent third party for a consideration of approximately RMB1,250,000. Colour Life Qingjie was engaged in provision of property operation services.

43. Disposal of Subsidiaries (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 December 2013 (continued)

(v) On 1 January 2013, the Group disposed of its 51% equity interests in Shenzhen Robert Housekeeper Properties Management Co., Limited (深圳市羅伯特管家物業管理有限公司) ("Shenzhen Robert") to an independent third party for a consideration of approximately RMB380,000. Shenzhen Robert was engaged in provision of property operation services.

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed in respect of the above transactions is summarised below:

	RMB'000
Consideration satisfied by:	
Cash	201,265
Consideration receivable within one year	205,369
	406,634
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	724
Investment properties	316,477
Trade and other receivables	1,608
Bank balances and cash	6,143
Other payables	(2,638)
Tax payable	(254)
Deferred tax liabilities	(32,345)
Net assets disposed of	289,715
Gain on disposal of subsidiaries:	
Cash consideration	201,265
Consideration receivable (note 30)	205,369
Net assets disposed of	(289,715)
Non-controlling interests	(275)
Gain on disposal	116,644
Net cash inflow arising on disposal:	
Cash consideration	201,265
Bank balances and cash disposed of	(6,143)
	195,122

The subsidiary disposed of did not contribute significantly to the Group's cash flows, revenue and profit before tax during the year ended 31 December 2013.

43. Disposal of Subsidiaries (continued)

(b) Partial disposal of interest on a subsidiary without loss of control

For the year ended 31 December 2013

(i) During the year ended 31 December 2013, the Group disposed of its 45% equity interests in TCL King Electronics (Shenzhen) Company Limited (TCL王牌電子(深圳)有限公司) ("TCL"), which was held by the Group through a 54% owned subsidiary of the Company, to Xinjiang Tongzhinian, a joint venture of the Group, for a cash consideration of approximately RMB193,500,000. TCL was engaged in provision of property development.

The difference of RMB65,087,000 between the consideration received of RMB193,500,000 and the proportionate share of the subsidiary's net assets by the non-controlling shareholder amounting to RMB128,413,000 is credited to the special reserve of the Group.

(ii) During the year ended 31 December 2013, a subsidiary of the Group issued new shares to the non-controlling shareholders, the difference of RMB34,056,000, between the consideration received of RMB37,064,000 and the proportionate share of the subsidiary's net assets by the non-controlling shareholder amounting to RMB3,008,000 is credited to the special reserve of the Group.

44. Operating Lease Commitments

The Group as lessee

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

	2013 RMB'000	2012 RMB'000
Within one year	**8,014**	11,709
In the second to the fifth year inclusive	**13,364**	34,703
After the fifth year	**–**	3,310
	21,378	49,722

Operating lease payments represent rentals payable by the Group for certain offices premises. Leases are negotiated for an average term of 1 to 5 years with fixed rentals.

The Group as lessor

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

	2013 RMB'000	2012 RMB'000
Within one year	**106,230**	89,603
In the second to the fifth year inclusive	**261,625**	249,858
After the fifth year	**146,228**	132,139
	514,083	471,600

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of 1 to 18 years with fixed rentals.

45. Other Commitments

	2013 **RMB'000**	2012 RMB'000
Construction commitments in respect of properties for sale contracted for but not provided in the consolidated financial statements	**4,732,040**	4,615,929
Land development expenditure commitments in respect of development cost contracted for but not provided in the consolidated financial statements	**–**	91,130
Construction commitments in respect of investment properties contracted for but not provided in the consolidated financial statements	**31,881**	47,192
Construction commitments in respect of hotels contracted for but not provided in the consolidated financial statements	**–**	54,482

46. Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"), and will expire on 28 August 2021 and 15 October 2022. Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HK$1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

As at 31 December 2013, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 116,230,000 (2012: 119,400,000) of HK$0.1 each, representing approximately 2.4% (2012: 2.3%) of the issued share capital of the Company.

46. Share Option Scheme (continued)

Details of the share options granted under the Scheme is as follows:

Category of Grantees	Date of grant	Exercise price per share	Vesting period	Exercisable period
Directors	29 August 2011	HK$0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	HK$0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022
Employees	29 August 2011	HK$0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	HK$0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022

The following table discloses movements of the Company's share options held by employees and directors during the years ended 31 December 2013 and 2012:

Category of Grantees	Date of grant	Vesting period	Outstanding at 1 January 2012 RMB'000	Granted during the year RMB'000	Cancelled/ lapsed during the year RMB'000	Exercised during the year RMB'000	Outstanding at 31 December 2012 RMB'000	Granted during the year RMB'000	Cancelled/ Lapsed during the year RMB'000	Exercised during the year RMB'000	**Outstanding at 31 December 2013 RMB'000**
Directors	29 August 2011	29.8.2011–28.8.2012	2,201,000	–	(883,000)	–	1,318,000	–	–	–	**1,318,000**
		29.8.2011–28.8.2013	4,402,000	–	(1,766,000)	–	2,636,000	–	–	–	**2,636,000**
		29.8.2011–28.8.2014	15,407,000	–	(6,181,000)	–	9,226,000	–	–	–	**9,226,000**
	16 October 2012	16.10.2012–15.10.2013	–	1,872,000	(277,000)	–	1,595,000	–	–	–	**1,595,000**
		16.10.2012–15.10.2014	–	3,744,000	(554,000)	–	3,190,000	–	–	–	**3,190,000**
		16.10.2012–15.10.2015	–	13,104,000	(1,939,000)	–	11,165,000	–	–	–	**11,165,000**
			22,010,000	18,720,000	(11,600,000)	–	29,130,000	–	–	–	**29,130,000**
Employees	29 August 2011	29.8.2011–28.8.2012	5,222,000	–	(1,041,000)	–	4,181,000	–	(88,000)	–	**4,093,000**
		29.8.2011–28.8.2013	10,444,000	–	(2,082,000)	–	8,363,000	–	(176,000)	–	**8,186,000**
		29.8.2011–28.8.2014	36,554,000	–	(7,287,000)	–	29,267,000	–	(616,000)	–	**28,651,000**
	16 October 2012	16.10.2012–15.10.2013	–	4,971,000	(125,000)	–	4,846,000	–	(229,000)	–	**4,617,000**
		16.10.2012–15.10.2014	–	9,942,000	(250,000)	–	9,692,000	–	(458,000)	–	**9,234,000**
		16.10.2012–15.10.2015	–	34,797,000	(875,000)	–	33,922,000	–	(1,603,000)	–	**32,319,000**
			52,220,000	49,710,000	(11,660,000)	–	90,270,000	–	(3,170,000)	–	**87,100,000**
Total			74,230,000	68,430,000	(23,260,000)	–	119,400,000	–	(3,170,000)	–	**116,230,000**
Exercisable at the end of the year							5,499,000				**16,233,000**

46. Share Option Scheme (continued)

The closing price of the shares on the date of grant was HK$0.77 at 16 October 2012. Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	16 October 2012
Market price	HK$0.770
Exercise price	HK$0.800
Expected volatility	44.87%
Risk-free rate	0.66%
Expected dividend yield	5.195%

During the year ended 31 December 2012, the estimated fair value of the options at the date of grant is approximately RMB13,680,000. The Group recognised the total expense of approximately RMB8,756,000 for the year ended 31 December 2013 (2012: RMB5,180,000) in relation to share options granted by the Company.

47. Retirement Benefits Plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK$1,250 per person per month to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiary is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

48. Contingent Liabilities

		2013	2012
		RMB'000	RMB'000
(i)	Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**3,162,990**	2,750,751

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

48. Contingent Liabilities (continued)

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

		2013 RMB'000	2012 RMB'000
(ii)	Financial guarantees given to bank for the banking facilities granted to Novena	**535,132**	–

(iii) During the year ended December 31, 2012, Shenzhen Buji Water Supplies initiated a legal proceeding against a non-wholly owned subsidiary of the Group, in relation to a water supply contract dispute for a compensation of RMB10,900,000, which included alleged non-payment of RMB2,600,000 and alleged late payment of RMB8,300,000. Up to the date these consolidated financial statements were authorised for issuance, the procedure of the first instance at Shenzhen Longguan Court has finished, however, the outcome of this legal proceeding is yet to be finalised. With reference to the current situation and based on a legal advice obtained by the Group, the Directors of the Company consider that no provision for the litigation is required.

49. Related Party Disclosures

(a) During the year, in addition to those disclosed in elsewhere at the consolidated financial statements, the Group had significant transactions with related parties as follows:

Related parties	Relationship	Transactions	2013 RMB'000	2012 RMB'000
Huidong Dayawan San Jiao Zhou Company Limited 惠東縣大亞灣三角洲俱樂部有限公司	Company controlled by Ms. Zeng Jie, Baby, a controlling shareholder and director of the Company	Management service fee recognised	**95**	612
Shenzhen Xi Fu Hui Club Management Company Limited 深圳喜福會會所管理有限公司	Company controlled by Ms. Zeng Jie, Baby, a controlling shareholder and director of the Company	Property rental income recognised	**–**	301
Cube Architecture	An associate of Shenzhen Tiankuo Investment Development Company Limited (深圳市天潤投資發展有限公司), a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	Design services fee incurred	**2,118**	1,099

49. Related Party Disclosures (continued)

(b) Compensation of key management personnel

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

	2013 RMB'000	2012 RMB'000
Short-term benefit	**54,426**	50,422
Post-employment benefit	**8,102**	7,501
Share-based payment	**5,639**	4,803
	68,167	62,726

(c) Others

As at 31 December 2013, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB53,552,000 (2012: RMB620,000,000) in aggregate.

During the year ended 31 December 2013, the Group had sold certain properties to its key management personnels (not including the directors of the Company) of the Group, at a cash consideration of approximately RMB10,803,000.

During the year ended 31 December 2012, the Group sold certain properties to two directors of the Company, at a cash consideration of approximately RMB8,629,000, and also had sold certain properties to its key management personnels (excluding the aforesaid directors) of the Group, at a cash consideration of approximately RMB17,536,000.

50. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2013, the Group entered into a sales and purchase agreement with a contractor for the sale of properties amounting to approximately RMB280,000,000 in exchange for the construction work provided by the contractor equivalent to approximately RMB280,000,000.

During the year ended 31 December 2013, the Group entered into a finance lease agreement for purchase of transportation equipment amounting to approximately RMB223,700,000.

During the year ended 31 December 2013, the Group recognised investment income amounting to approximately RMB246,161,000 for return on receivables from Pixian Government, the amount has not been received by 31 December 2013.

51. Particulars of Principal Subsidiaries of the Company

51.1 General Information of subsidiaries

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2013 and 2012 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
Winning Sky International Limited Δ	The BVI 8 March 2006	US$100	100%	100%	Investment holding	Private limited liability
Fantastic Victory Limited Δ	The BVI 3 September 2007	US$100	100%	100%	Investment holding	Private limited liability
Wisdom Regal Limited Δ	The BVI 3 September 2007	US$100	100%	100%	Investment holding	Private limited liability
Colour Life Services Group Co., Ltd ("Colour life Services") Δ	The Cayman Islands 16 March 2011	HK$1,000	67%	70%	Investment holding	Private limited liability
Ace Link Pacific Limited#	The BVI 3 September 2007	US$100	100%	100%	Investment holding	Private limited liability
Precise Idea Limited Δ	The BVI 17 June 2009	US$1	100%	100%	Investment holding	Private limited liability
Talent Bright International Limited Δ	The BVI 17 June 2009	US$1	100%	100%	Investment holding	Private limited liability
香港花樣年投資控股集團有限公司 Fantasia Investment Holdings Company Limited ("Fantasia Investment Holdings")	Hong Kong 19 February 2001	HK$10,000	100%	100%	Investment holding	Private limited liability
悦泰投資有限公司 Joytime Investment Limited	Hong Kong 6 November 2007	HK$10,000	100%	100%	Investment holding	Private limited liability
金展集團有限公司 Gold Genius Holdings Limited#	Hong Kong 8 November 2007	HK$10,000	100%	100%	Investment holding	Private limited liability
花樣年酒店管理(國際)有限公司 Fantasia Hotel Management (International) Company Limited	Hong Kong 15 July 2009	HK$1	100%	100%	Investment holding	Private limited liability
花樣年物業管理(國際)有限公司 Fantasia Property Management (International) Company Limited	Hong Kong 15 July 2009	HK$1	100%	100%	Investment holding	Private limited liability

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
香港康年貿易有限公司 Hong Kong Kangnian Trading Company Limited	Hong Kong 24 September 2009	US$500,000	**100%**	100%	Trading and investment holding	Private limited liability
花樣年集團(中國)有限公司 Fantasia Group (China) Company Limited*	The PRC 20 January 2006	RMB1,624,843,500	**100%**	100%	Investment holding and property development	Limited liability company
天津松江花樣年置業有限公司 Tianjin Songjiang Fantasia Real Estate Company Limited* ("Tianjin Songjiang")	The PRC 29 May 2006	RMB50,000,000	**60%**	60%	Property development	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Fantasia Real Estate Group Limited* ("Shenzhen Fantasia")	The PRC 28 September 1996	RMB150,000,000	**100%**	100%	Investment holding, property development and investment	Limited liability company
深圳市彩生活服務集團有限公司 Shenzhen Fantasia Colour Life Service Group Limited*#	The PRC 25 August 2006	RMB15,000,000	**100%**	100%	Investment holding	Limited liability company
惠州大亞灣花萬裏實業有限公司 Huizhou Daya Bay Huawanli Industry Company Limited*	The PRC 8 June 2007	RMB51,000,000	**100%**	100%	Property development	Limited liability company
天津市花樣年投資有限公司 Tianjin Fantasia Investment Company Limited*	The PRC 12 June 2006	RMB100,000,000	**100%**	100%	Property development	Limited liability company
成都通和置業有限公司 Chengdu Tonghe Real Estate Company Limited*	The PRC 18 October 2001	RMB75,610,000	**100%**	100%	Property development and investment	Limited liability company
深圳市花千里房地產開發有限公司 Shenzhen Huaqianli Real Estate Investment Development Company Limited*	The PRC 28 August 2006	RMB660,339,487	**100%**	100%	Investment holding	Limited liability company
深圳置富房地產開發有限公司 Shenzhen Zhifu Real Estate Investment Development Company Limited*	The PRC 1 July 1994	RMB946,843,500	**100%**	100%	Property development and investment	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
深圳宏威裝飾設計工程有限公司 Shenzhen Hongwei Decoration & Designing Company Limited*	The PRC 25 May 1994	RMB10,000,000	**100%**	100%	Provision of interior design services	Limited liability company
深圳市花樣年物業管理有限公司 Shenzhen Fantasia Property Management Company Limited*#	The PRC 11 December 2000	RMB5,000,000	**100%**	100%	Provision of property operation services	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Company Limited*#	The PRC 12 June 2007	RMB10,000,000	**100%**	100%	Provision of property operation services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Company Limited*#	The PRC 15 November 2001	RMB5,000,000	**100%**	100%	Provision of security system design installation and maintenance services	Limited liability company
深圳市蓮塘物業管理有限公司 Shenzhen Liantang Property Management Company Limited*#	The PRC 16 November 1999	RMB5,500,000	**100%**	100%	Provision of property operation services	Limited liability company
花樣年實業發展(成都)有限公司 Fantasia (Chengdu) Development Company Limited*	The PRC 4 July 2001	RMB50,000,000	**100%**	100%	Property development and investment	Limited liability company
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Development Company Limited*	The PRC 7 September 2006	RMB1,344,970,000	**100%**	100%	Property development	Limited liability company
成都花萬裏置業有限公司 Chengdu Huawanli Real Estate Company Limited*	The PRC 25 October 2005	RMB100,000,000	**100%**	100%	Property development and investment	Limited liability company
成都花千里置業有限公司 Chengdu Huaqianli Real Estate Company Limited*	The PRC 6 November 2006	RMB704,680,000	**100%**	100%	Property development	Limited liability company
成都花百里置業有限公司 Chengdu Huabaili Real Estate Company Limited*	The PRC 22 May 2003	RMB270,000,000	**100%**	100%	Property development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
東莞市花樣年房地產投資有限公司 Dongguan Fantasia Real Estate Investment Company Limited*	The PRC 4 December 2006	RMB30,000,000	**100%**	100%	Property development	Limited liability company
雅浩科技發展（深圳）有限公司 Yahao Technology Development (Shenzhen) Company Limited*#	The PRC 25 August 2005	HKD1,000,000	**100%**	100%	Investment holding	Limited liability company
深圳市康年科技有限公司 Shenzhen Kangnian Technology Company Limited*	The PRC 9 February 2007	RMB100,000,000	**100%**	100%	Property development and investment	Limited liability company
四川西美投資有限公司 Sichuan Ximei Investment Company Limited*	The PRC 7 June 2004	RMB670,000,000	**100%**	100%	Property development	Limited liability company
天津福大房地產銷售有限公司 Tianjin Fuda Real Estate Development Company Limited*	The PRC 18 October 2004	RMB45,000,000	**100%**	100%	Property development	Limited liability company
宜興市江南水鄉度假村有限公司 Yixing Jiangnan Shuixiang Tourism Resort Company Limited* ("Yixing Jiangnan")	The PRC 19 April 2005	RMB28,000,000	**80%**	60%	Property development	Limited liability company
深圳市星彥行置業有限公司 Shenzhen Xingyanhang Property Company Limited*#	The PRC 23 April 2007	RMB4,000,000	**92.65%**	92.65%	Provision of agency services	Limited liability company
成都新津友幫房地產開發有限責任公司 Chengdu Xinjin Youbang Real Estate Development Company Limited*	The PRC 9 May 2004	RMB85,000,000	**100%**	100%	Property development	Limited liability company
成都花樣年望叢文化發展有限公司 Chengdu Fantasia Wangcong Culture Development Company Limited*	The PRC 6 August 2008	RMB300,000,000	**100%**	100%	Property development	Limited liability company
成都九蓉房地產開發有限公司 Chengdu Jiurong Real Estate Development Limited*	The PRC 22 August 2007	RMB320,000,000	**100%**	100%	Property development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
深圳花樣年商業管理有限公司 Shenzhen Fantasia Business Management Company Limited*	The PRC 3 June 2009	RMB120,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市花樣年酒店管理有限公司 Shenzhen Fantasia Hotel Management Company Limited*	The PRC 3 June 2009	RMB100,000,000	100%	100%	Hotel services	Limited liability company
深圳市彩悦酒店管理有限公司 Shenzhen Caiyue Hotel Management Company Limited*#	The PRC 20 August 2008	RMB100,000	–	100%	Hotel services	Limited liability company
深圳市彩悦酒店有限公司 Shenzhen Caiyue Hotel Company Limited*#	The PRC 15 January 2009	RMB100,000	–	100%	Hotel services	Limited liability company
寧夏回族自治區新聖基建築工程有限公司 Ningxia Hui Nationality Autonomous Region Xingshengji Construction Company Limited*	The PRC 22 July 2009	RMB50,000,000	100%	100%	Provision of construction services	Limited liability company
深圳滙恒置業有限公司 Shenzhen Huiheng Property Company Limited*	The PRC 20 April 2006	RMB150,000,000	100%	100%	Property development	Limited liability company
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industry Company Limited.*	The PRC 14 August 2012	RMB100,000,000	100%	100%	Property development	Limited liability company
花千里投資(北京)有限公司 Huaqianli Investment (Beijing) Company Limited.*	The PRC 15 March 2012	RMB10,00,000	100%	100%	Investment holding	Limited liability company
蘇州花萬裡房地產開發有限公司 Suzhou Huawanli Real Estate Company Limited*	The PRC 9 September 2009	RMB180,000,000	100%	100%	Property development	Limited liability company
蘇州林甲岩房產發展有限公司 Suzhou LKN Real Estate Company Limited*	The PRC 5 July 1994	RMB180,599,652	100%	100%	Property development	Limited liability company
深圳市匯港物業管理有限公司 Shenzhen Hui Gang Property Management Company Limited*#	The PRC 12 April 2002	RMB3,000,000	75%	75%	Provision of property operation services	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
深圳市蓮塘物業管理有限公司 Shenzhen Liangtang Property Management Company Limited*	The PRC 16 November 1999	RMB5,500,000	100%	100%	Provision of property operation services	Limited liability company
成都市花樣年物業服務有限公司 Chengdu Fantasia Property Service Company Limited*	The PRC 23 December 2009	RMB5,000,000	100%	100%	Provision of property operation services	Limited liability company
東莞花千里房地產開發有限公司 Dongguan Huaqianli Property Development Company Limited*	The PRC 30 April 2012	RMB30,000,000	100%	100%	Property development	Limited liability company
深圳高華投資有限公司 Shenzhen Gaohua Investment Limited*	The PRC 12 March 2012	RMB200,000,000	100%	100%	Investment holding, property development and investment	Limited liability company
成都市諾亞舟實業有限公司 Chengdu Nuoyazhou Development Company Limited*	The PRC 17 June 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
江蘇東發置業有限公司 Jiangsu Dongfa Real Estate Company Limited*	The PRC 2 March 2009	RMB20,000,000	100%	100%	Property development	Limited liability company
桂林萬豪房地產開發有限公司 Guilin Wanhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	100%	Property development	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	100%	Property development	Limited liability company
成都花港置業有限公司 Chendu Huagang Real Estate Company Limited*	The PRC 14 April 2013	RMB200,000,000	100%	100%	Property development	Limited liability company
TCL王牌電子(深圳)有限公司 TCL King Electronics (Shenzhen) Company Limited*	The PRC 9 October 1981	HKD100,000,000	57%	100%	Property development	Limited liability company
惠州市友鄰物業管理有限公司 Huizhou Youling Property Management Company Limited*#	The PRC 13 June 2008	RMB500,000	100%	100%	Provision of property operation services	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
天津新塘物業管理有限公司 Tianjin Xintang Property Management Company Limited*#	The PRC 21 May 2007	RMB500,000	100%	100%	Provision of property operation services	Limited liability company
Fantasia Investment (Singapore) Pte.Ltd.	Singapore 28 September 2012	SGD1,000,000	100%	100%	Property development	Private limited liability
深圳市同之年股權投資基金管理有限公司 Shenzhen Tongzhinian Equity Investment Fund Management Company Limited*	The PRC 20 August 2012	RMB10,000,000	54%	54%	Investment holding	Limited liability company
深圳市花樣年股權投資基金管理有限公司 Shenzhen Fantasia Equity Investment Fund Management Company Limited*	The PRC 15 May 2012	RMB10,000,000	100%	100%	Investment holding	Limited liability company
惠州市花樣年房地產開發有限公司 Huizhou Fantasia Property Development Company Limited*	The PRC 23 March 2012	RMB1,000,000	100%	100%	Property development	Limited liability company
深圳市羅伯特管家物業管理有限公司 Shenzhen Robert Housekeeper Property Management Company Limited*#	The PRC 9 April 2002	RMB1,000,000	–	51%	Provision of property operation services	Limited liability company
鐵嶺正南物業管理有限公司 Tieling Zhengnan Property Management Company Limited*#^	The PRC 18 March 2008	RMB500,000	51%	–	Provision of property operation services	Limited liability company
南京花樣年物業管理有限公司 Nanjing Fantasia Property Management Company Limited*#^	The PRC 29 June 2000	RMB5,000,000	100%	–	Provision of property operation services	Limited liability company
陝西中強物業管理有限公司 Shaanxi Zhongqiang Property Management Company Limited*#^	The PRC 8 September 2003	RMB3,000,000	100%	–	Provision of property operation services	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
河源市華達物業管理有限公司 Heyuan Huada Property Management Company Limited*#^	The PRC 12 June 2002	RMB3,000,000	100%	–	Provision of property operation services	Limited liability company
秦皇島市宏添源物業服務有限公司 Qinhuangdao Hongtianyuan Property Service Company Limited*#^	The PRC 25 October 2005	RMB5,000,000	51%	–	Provision of property operation services	Limited liability company
至卓飛高線路板(深圳)有限公司 Topsearch Printed Circuits (Shenzhen) Ltd ("Topsearch Printed Circuits")*^	The PRC 25 September 1987	RMB391,093,510	61%	–	Property development	Limited liability company
花萬裡投資(北京)有限公司 Huawanli Investment (Beijing) Company Limited*^	The PRC 13 September 2012	RMB779,150,000	100%	–	Property development	Limited liability company
深圳市花萬裡酒店管理有限公司 Shenzhen Huawanli Hotel* Management Company Limited	The PRC 23 October 2013	RMB1,000,000	100%	–	Hotel Management	Limited liability company
深圳市花樣年養生養老管理有限公司 Shenzhen Fantasia Senior Housing Management Company Limited*	The PRC 23 October 2013	RMB1,000,000	100%	–	Investment holding	Limited liability company
深圳市花樣年文化旅遊管理有限公司 Shenzhen Fantasia Culture Tourism Management Company Limited*	The PRC 15 October 2013	RMB1,000,000	100%	–	Investment holding	Limited liability company
深圳市花萬裡商業管理有限公司 Shenzhen Huawanli Commercial Management Company Limited*	The PRC 15 October 2013	RMB1,000,000	100%	–	Investment holding	Limited liability company
大理市花千里文化旅遊開發有限公司 Dali Huaqianli Cultural Tourism Development Company Limited*	The PRC 4 July 2013	RMB100,000,000	100%	–	Investment holding	Limited liability company
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Company Limited*	The PRC 28 June 2013	RMB20,000,000	100%	–	Property development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
蘇州銀莊置地有限公司 Suzhou Yinzhuang Real Estate Company Limited*^	The PRC 25 January 2006	RMB500,000,000	100%	–	Property development	Limited liability company
深圳市騰星宏達投資發展有限公司 Shenzhen Tengxing Hongda Investment Company Limited*^	The PRC 26 September 2012	RMB 95,800,000	60%	–	Property development	Limited liability company
深圳市越華創新科技工業城有限公司 Shenzhen Yuehua new technology Industry Company Limited*	The PRC 15 September 2004	RMB62,500,000	100%	100%	Property development	Limited liability company
深圳市生百景投資發展有限公司 Shenzhen Shengbaijing Investment Development Company Limited*	The PRC 20 June 2012	RMB78,000,000	100%	–	Property development	Limited liability company
深圳市花樣祥投資發展有限公司 Shenzhen Huayangxiang Investment Development Company Limited*	The PRC 22 May 2013	RMB10,000,000	100%	–	Property development	Limited liability company
天歌電子有限公司 Twinkle Electronic Company Limited*	Hong Kong 20 August 1992	RMB7,268	100%	–	Property development	Limited liability company
深圳安博電子有限公司 Shenzhen Anbo Electronic Company Limited*	The PRC 17 August 1994	RMB87,000,000	100%	–	Property development	Limited liability company
Charmfull Limited	The BVI 1 August 2012	USD6,317,460	100%	–	Investment holding	Limited liability company
Bright Star Creation Limited	Hong Kong 28 July 2010	HKD100	100%	–	Investment holding	Limited liability company
深圳市中稷玉石房地產開發有限公司 Shenzhen Zhongji Jade Property Development Company Limited*	The PRC 17 November 2006	RMB10,000,000	100%	–	Property development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

51.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group 2013	2012	Principal activities	Legal form
寧波世紀華豐房產有限公司 Ningbo Century Huafeng Property Management Company Limited*	The PRC 25 March 2010	RMB427,500,000	100%	–	Property development	Limited liability company
南京名城物業管理有限公司 Nanjing Mingcheng Property Management Company Limited*	The PRC 30 May 2005	RMB5,000,000	90%	–	Provision of property operation services	Limited liability company
協和高爾夫(上海)有限公司 Xiehe Golf (Shanghai) Company Limited*	The PRC 27 December 1994	RMB85,328,000	100%	–	Golf course services	Limited liability company
陝西彩生活社區服務有限公司Δ^ Shaanxi Caishenghuo Community Services Company Limited*^	The PRC 25 March 2009	RMB3,000,000	51%	–	Provision of property operation services	Limited liability company
南京慧韜物業管理服務有限公司^ Nanjing Huitao Property Management Services Company Limited*^	The PRC 29 September 2006	RMB5,000,000	90%	–	Provision of property operation services	Limited liability company
無錫市太湖花園物業管理有限責任公司 Wuxi Taihu Garden Property Management Company Limited*	The PRC 8 September 1997	RMB3,000,000	80%	–	Provision of property operation services	Limited liability company
上海欣周物業管理有限公司^ Shanghai Xinzhou Property Management Company Limited*	The PRC 21 September 1999	RMB3,000,000	70%	–	Provision of property operation services	Limited liability company
南京錦江物业管理有限公司^ Nanjing Jinjiang Property Management Company Limited*	The PRC 26 June 2001	RMB 5,000,000	90%	–	Provision of property operation services	Limited liability company

* The English name is for identification purpose only.

These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Life Services at 31 December 2013 and 2012.

^ These subsidiaries were acquired during the year ended 31 December 2013. Details are set out in note 42.

Δ Except for these subsidiaries were directly held by the Company, all other subsidiaries are indirectly owned by the Company.

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

51. Particulars of Principal Subsidiaries of the Company (continued)

51.2 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follow:

Principal activities	Principal place of business	Number of subsidiaries 2013	2012
Investment holding	BVI	**28**	20
	Hong Kong	**19**	13
	PRC	**22**	19
	Singapore	**1**	1
Property development	PRC	**58**	41
Property investment	PRC	**1**	1
	Japan	**1**	1
Property agency services	PRC	**1**	1
Property operation service	PRC	**36**	27
Hotel operation	PRC	**5**	5
		172	129

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

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2013 and 2012 that have material non-controlling interest.

Name of subsidiary	Place of incorporation and principal place of business	Ownership interests and rights held by non-controlling interests 2013	2012	Profit (loss) attributable to non-controlling interest 2013 RMB'000	2012 RMB'000	Accountants non-controlling interests 2013 RMB'000	2012 RMB'000
Tianjin Songjiang	The PRC	**40%**	40%	**(10,158)**	(24,649)	**59,092**	69,250
Yixing Jianguan	The PRC	**20%**	40%	**(2,352)**	(7,306)	**33,109**	31,666
Topsearch Printed Circuits	The PRC	**39%**	39%	**(686)**	–	**74,712**	75,397
				(11,960)	(31,955)	**150,359**	176,313
Individually immaterial subsidiaries with non-controlling interests				**27,113**	18,363	**360,518**	143,723
				15,153	(13,592)	**510,877**	320,036

51. Particulars of Principal Subsidiaries of the Company (continued)

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

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra group eliminations.

	Tianjin Songjiang		Yixing Jiangnan		Topseach Printed Circuits	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current assets	**88,868**	245,562	**107,572**	91,957	**523,865**	9,654
Non-current assets	**237,519**	238,860	**58,408**	62,544	**512**	183,672
Current liabilities	**178,658**	311,297	**54,485**	75,337	**156,708**	–
Non-current liabilities	**–**	–	**28,720**	–	**176,100**	–
Equity attributable to owners of the Company	**88,637**	103,875	**66,220**	47,498	**116,857**	117,929
Non-controlling interests	**59,092**	69,250	**16,555**	31,666	**74,712**	75,397
Revenue	**2,017**	23,361	**741**	7,467	**–**	–
Cost of sales	**(18,473)**	(75,857)	**–**	(9,128)	**–**	–
Expenses	**(8,940)**	(9,127)	**(6,622)**	(16,604)	**(1,758)**	–
Loss for the year	**(25,396)**	(61,623)	**(5,881)**	(18,265)	**(1,758)**	–
Loss attributable to the owners of the Group	**(15,238)**	(36,974)	**(4,465)**	(10,959)	**(1,072)**	–
Loss for the year attributable to the non-controlling interests	**(10,158)**	(24,649)	**(1,116)**	(7,306)	**(686)**	–
Net cash outflow from operating activities	**(85,601)**	(10,120)	**(18,885)**	(19,861)	**(49,221)**	–
Net cash (outflow) inflow from investing activities	**–**	(28,227)	**–**	4,609	**–**	–
Net cash inflow (outflow) from financing activities	**86,953**	19,480	**18,613**	(716)	**96,101**	–
Net cash (outflow) inflow	**(1,352)**	(18,866)	**(272)**	(15,968)	**46,879**	–

52. Information about the Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,565,920**	1,196,233
Amounts due from subsidiaries	**5,776,349**	4,263,648
	7,342,269	5,459,881
CURRENT ASSETS		
Other receivables	**5,351**	1,204
Banks balances and cash	**37,449**	248,259
	42,800	249,463
CURRENT LIABILITIES		
Amounts due to subsidiaries	**161,530**	204,208
Accruals	**6,113**	5,745
	167,643	209,953
NET CURRENT (LIABILITIES) ASSETS	**(124,843)**	39,510
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,217,426**	5,499,391
NON-CURRENT LIABILITY		
Senior notes	**4,843,390**	2,329,003
	2,374,036	3,170,388
CAPITAL AND RESERVES		
Share capital	**429,575**	457,093
Reserves	**1,944,461**	2,713,295
	2,374,036	3,170,388

52. Information about the Statement of Financial Position of the Company

(continued)

Movement of capital and reserves:

	Share capital RMB'000	Share premium RMB'000	Accumulated profits RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2012	457,093	2,620,084	203,870	2,240	3,283,287
Profit and total comprehensive income for the year	–	–	50,780	–	50,780
Recognition of equity-settled share-based payments (note 46)	–	–	–	5,180	5,180
Dividend paid to shareholders of the Company (note 13)	–	(168,859)	–	–	(168,859)
At 31 December 2012	457,093	2,451,225	254,650	7,420	3,170,388
Loss and total comprehensive expense for the year	–	–	(202,676)	–	(202,676)
Recognition of equity-settled share-based payments (note 46)	–	–	–	8,756	8,756
Dividend distributed to shareholders of the Company (note 13)	–	(228,576)	–	–	(228,576)
Share repurchased and cancelled (note 41)	(27,518)	(346,338)	–	–	(373,856)
At 31 December 2013	429,575	1,876,311	51,974	16,176	2,374,036

53. Events after the Reporting Period

On 6 January 2014, the Group announced for the acquisition of Huizhou TCL Real Estate Development Co., Ltd (惠州TCL房地產開發有限公司) and its subsidiaries with certain indebtedness from third parties (the "Acquisition") at a cash consideration of approximately RMB164,110,000,000 and issue 863,600,074 new shares of the Company to a vendor of the Acquisition. At the date these consolidated financial statements were authorised for issue, the Acquisition has not been completed.

On 22 January 2014, the Company issued additional senior notes with principal amount of US$250,000,000 at an issue price of 100% of the face value of the notes, which are unsecured and bear coupon interest at 10.75% per annum payable semi-annually in arrears and are due on 22 January 2020.

FINANCIAL SUMMARY

Results

	For the year ended 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000 (restated)	2012 RMB'000	**2013** **RMB'000**
Revenue	2,458,673	4,471,234	5,592,350	6,230,050	**7,279,828**
Profit before taxation	776,495	1,789,678	2,151,840	2,386,858	**2,404,303**
Income tax expense	(407,050)	(828,708)	(1,038,344)	(1,261,209)	**(1,174,112)**
Profit for the year	369,445	960,970	1,113,496	1,125,649	**1,230,191**
Attributable to					
Owners of the Company	373,469	807,281	1,057,479	1,139,241	**1,215,038**
Non-controlling interests	(4,024)	153,689	56,017	(13,592)	**15,153**
	369,445	960,970	1,113,496	1,125,649	**1,230,191**

Assets and liabilities

	At 31 December				
	2009 RMB'000	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000	**2013** **RMB'000**
Total assets	11,453,486	15,382,388	18,122,636	24,526,597	**30,563,466**
Total liabilities	7,372,125	10,534,896	12,340,380	17,605,431	**22,732,138**
	4,081,361	4,847,492	5,782,256	6,921,166	**7,831,328**
Equity attributable to owners of the Company	3,770,259	4,431,651	5,601,599	6,601,130	**7,320,451**
Non-controlling interests	311,102	415,841	180,657	320,036	**510,877**
	4,081,361	4,847,492	5,782,256	6,921,166	**7,831,328**

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

1. Completed properties held for investment

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
1	Units 218, 219, 221 to 225, 227 and 228 of Fairy Land located at Renmin North Road Luohu District Shenzhen City Guangdong Province The PRC	Commercial	Long	385.45 m^2	100%
2	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 11,100.07 m^2	100%
3	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	Commercial	Medium	450.21 m^2	100%
4	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 1,234.93 m^2	100%
5	Units 24H, 24J, 24K, 24L, a community club (Unit 101) and 100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Residential/ Community club/ Carpark	Long/Long/–	Residential: 230.74 m^2 Community club: 1,252.3 m^2	100%
6	Units 105 to 108 and 200 car parking spaces of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 42.91 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
7	177 car parking spaces of Endless Blue located at the northern side of North Ring Xiameilin Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
8	Units 201–204 of Block C and 319 car parking spaces of Future Plaza located at the north of Qiaoxiang Road and the west of Zhonghang Shahe Industrial Zone Nanshan District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 1,511.51 m^2	100%
9	145 car parking spaces of Flower Harbour located at the junction of Mingzhu Avenue and Yong'an North Road Yantian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
10	Block 1, Levels 1 to 9 of Block 2 and 3 and 495 car parking spaces of Meinian Plaza located at West to Nanhai Avenue and South to Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	Office/Carpark	Medium/–	Office: 34,557.49 m^2	100%
11	Unit 102 on Level 1, Unit 302 on Level 3 and the whole of Level 2 of Youyuan Hotel located at the west of Nanhai Avenue and the south of Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	Commercial	Long	4,990.00 m^2	100%
12	Various retail units and 527 car parking space of Huajun Garden of Love Forever located at the junction of Baoan Avenue and Yulv Road Baoan District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 3,944.01 m^2	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
13	Various retail units and 507 car parking space of Huaxiang Garden of Love Forever located at the junction of Baoan Avenue and Yulv Road Baoan District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 4,393.60 m^2	100%
14	Units 401 to 404 Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street in Futian District, Shenzhen City Guangdong Province The PRC	Office	Long	509.09 m^2	100%
15	The northern portion of Block B and 200 car parking spaces of Funian Plaza located at the junction of Shihua Road and Hongmian Avenue Free Trade Zone Futian, Shenzhen Guangdong Province The PRC	Office/Carpark	Medium/–	Office: 20,398.49 m^2	100%
16	153 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	Carpark	Long	6,411.48 m^2	100%
17	The commercial portion of a community club and 15 car parking spaces of Fantasia Club Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	Club/Carpark	Long	Carpark: 275.8 m^2 Club: 2,489.26 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
18	566 mechanical car parking space of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	Carpark	–	–	100%
19	Portions of Level 2 to 4 and 437 mechanical car parking space of Hailrun Plaza project No. 216 Xiadong Street Jinjiangdong District Chengdu City Sichuan Province The PRC	Commercial/ Carpark	–	Office: 2,458.00 m^2	100%
20	Building No.7 and portion of Levels 1 to 3 of Building No.20 of Fantasia Town No.399 Wenquan Avenue 3rd Passage Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	20,644.45 m^2	100%
21	1.142 Mechanical car parking space of Future Plaza No. 88 Ji Tai Fifth Road Hi-tech Industrial Development Zone Chengdu City Sichuan Province The PRC	Carpark	Short	–	100%
22	152 car parking space of Hao Ge project No. 1 Xiang Shan Road Wu Zhong District Taihu National Tourist Vacation Areas Suzhou, Jiansu Province The PRC	Carpark	–	–	100%
23	Portions of Levels 1 to 9 and 77 car parking space of Zhongding Mansion No.4 Canluan Road, Hi-tech Development Zone, Guilin City Guangxi Province The PRC	Office/Carpark	Medium/–	Office: 8,846.52 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
24	72 car parking space of Tianjin Future Plaza located at the junction of Dongjiang Road and Neijiang Road Hexi District Tianjin The PRC	Carpark	–	–	100%
25	Units 109 and 201 of Block 5, Unit 103 of Block 1 and 599 car parking space of Hailrun Plaza at the junction of Jie Fang Nan Road and Wu Shui Road, Jinnan District, Tianjin City The PRC	Office/Carpark	Medium/–	Office: 1,850.13 m^2	60%
26	Level 2 of Room 40, Building No.5 of Fantasia Life Square located at the southern side of Lvzhou East Road Yuhuatai Distric Nanjing City Jiangsu Province The PRC	Commercial	Long	2,597.5 m^2	100%
27	42 residential, retail and office units located in Huizhou City, Dongguan City and Shenzhen City of Guangdong Province; Chengdu City and Sichuan Province and Tianjin, The PRC	Residential / Commercial/ Office	–	Residential 2,310.57 m^2 Commerical 430.85 m^2 Office 296.78 m^2	100%
28	49-banchi-11, Aza Yanagihara, Oaza Myobaru, Nishi-ku, Fukuoka-shi, Fukuoka Prefecture, Japan	Commercial	Long	1,290.98 m^2	100%

2. Investment properties under construction

No.	Property	Type	Lease term	Stage of Completion	Interest held by the Group (%)	Anticipated completion date
1	Building No. 1 and Level 3 of Building No.5 of Guilin Fantasia Town located at the junction of Wan Fu Road and Xicheng Avenue Lingui New District, Guilin City, Guangxi Province The PRC	Commercial	Long	In progress	100%	October 2014
2	Portions of 2 parcel of land located at the southeast junction of Shishan Road and Binhe Road Shishan Street, National New & Hi-tech Industrial Development Zone Suzhou City, Jiangsu Province, The PRC	Commerical	Long	In progress	100%	May 2017

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