GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

Annual Report 2013

About **R&F**

One of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. is a major player in the country's drive towards urbanization. Our core business lies in mass residential property development on a variety of scales, with around 48 projects currently under development in 19 major cities including Beijing, Tianjin and Guangzhou. A proportion of our asset portfolio is held in investment properties (including prestigious hotels and shopping malls) as part of our ongoing development strategy. R&F is also involved in co-developing some important large-scale projects in conjunction with respected industry peers. With a prime land bank portfolio sufficient for several years of developments, and a brand name synonymous for quality and value nationwide, R&F is expecting to contribute significantly to the quality of urban life in China over the coming year.

Contents

Highlights of the Year

Shanghai Jiayu Wan

MARCH

- Announcement of 2012 Annual Results

MAY

- 2012 Annual General Meeting
- Entered Wuxi with the Group's top-of-the line product R&F No.10

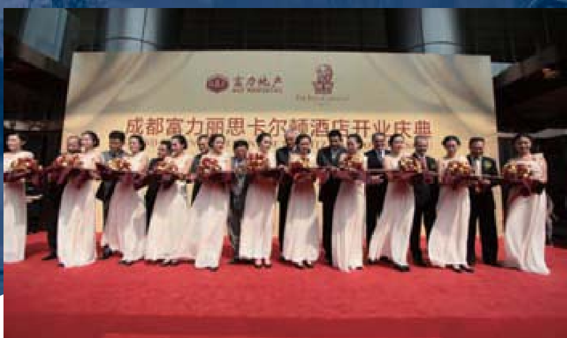
JUNE

- Acquired two plots of prime land in Hongqiao, the first of the Group in city center of Shanghai

JULY

- Acquired three plots of land in Fuzhou, Fujian with a commercial property project in the CBD as the Group's debut project in the city
- Named "2013 Outstanding China Property Stock" by Economic Digest for the sixth consecutive year

OCTOBER



DECEMBER

AUGUST

- Announcement of 2013 Interim Results

OCTOBER

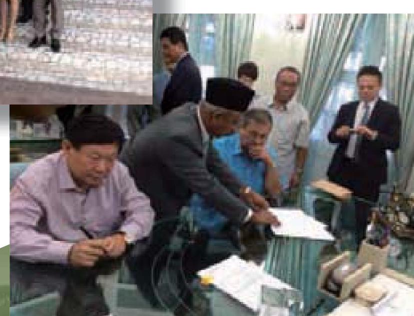
- Grand opening of The Ritz-Carlton, Chengdu, the sixth 5-star hotel of the Group

DECEMBER

- First venture outside of China – acquired land in Johor Bahru, State of Johor, Malaysia
- Awarded the Tenth (2013) Jingrui Scientific and Technological Award by the Ministry of Science and Technology of the People's Republic of China:

  Excellence in Planning Design
  – Huizhou R&F Hot Spring Valley

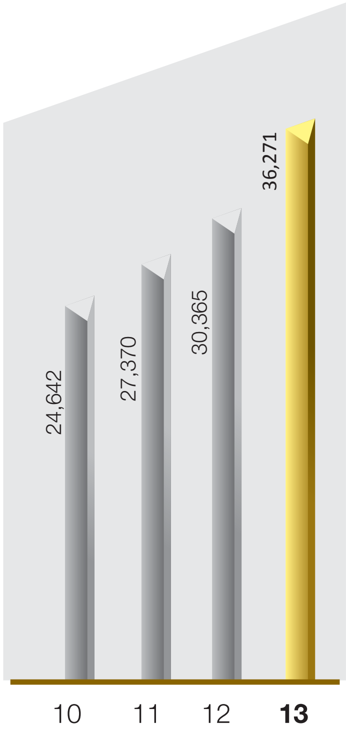
  Excellence in Landscape Design
  – Harbin R&F Jiangwan New Town and Hebei Xianghe R&F New Town



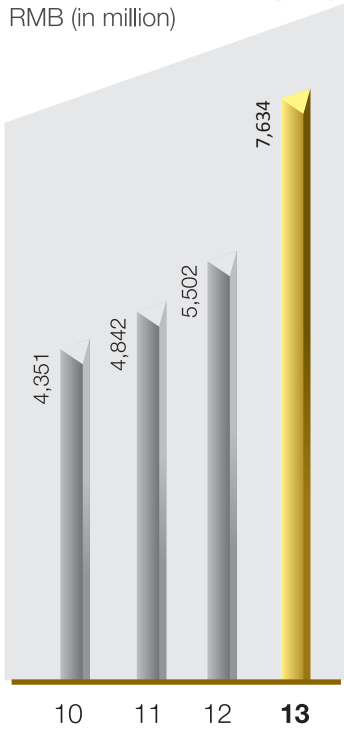
Financial Highlights

	2013	2012	% changes
OPERATING RESULTS (RMB'000)			
Revenue	**36,271,284**	30,365,056	19%
Gross profit	**14,234,986**	12,378,280	15%
Profit for the year attributable to owners of the Company	**7,633,860**	5,501,979	39%
Basic earnings per share (RMB)	**2.3900**	1.7224	39%
Dividends per share (RMB)	**0.62**	0.60	3%
FINANCIAL POSITION (RMB'000)			
Cash	**24,344,335**	12,861,714	89%
Total assets	**140,347,122**	98,587,210	42%
Total liabilities	**106,865,079**	71,757,336	49%
FINANCIAL RATIOS			
Net assets per share (RMB)	**10.05**	8.29	21%
Dividend payout ratio (%)	**25.9**	34.8	-26%
Return on equity (%)	**25.4**	22.8	11%
Net debt to total equity ratio (%)	**110.8**	84.9	31%

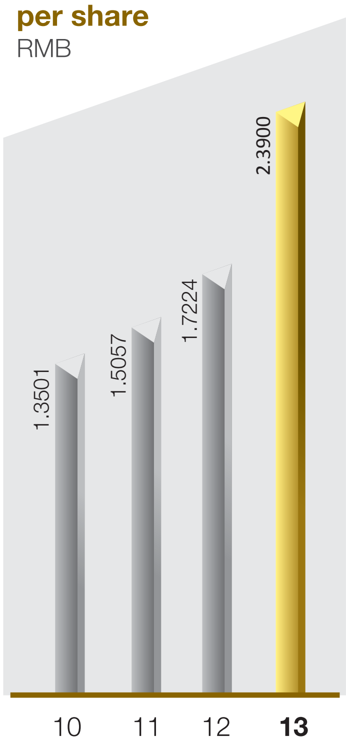
Revenue
RMB (in million)



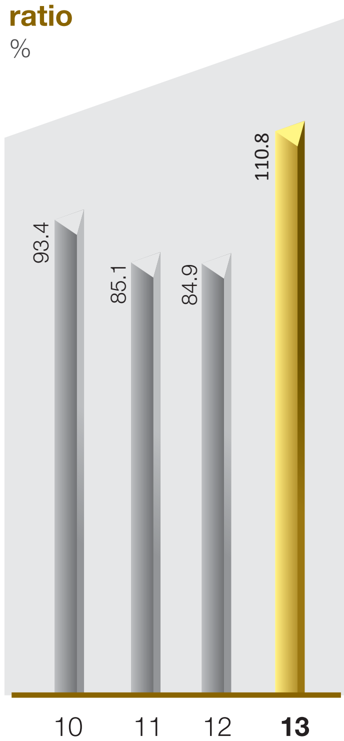
Profit attributable to owners of the Company
RMB (in million)



Basic earnings per share
RMB



Net debt to total equity ratio
%



DEAR SHAREHOLDERS,

The year 2013 has been significant for the Group in many respects, both in terms of its actual achievements and its positioning for the years immediately to come. The Group put in a strong and in some cases a record-breaking performance, achieving record profits of RMB7.65 billion and exceeding its contracted sales target of RMB42.0 billion. Alongside its property development operations, the Group's other key operational activities remained on track and continued to develop in line with our long-term goals.

The year's strong showing was underpinned by new market optimism consistent with the result of the outcomes of the Third Plenary Session of the 18th Central Committee of the Communist Party of China (the "Third Plenary Session"). All the signals indicate that China will focus on ensuring long-term sustainability for its property sector, which should mean a relatively more favourable property market environment for private developers such as our Group. Our view is that this is an opportune time to aim for more significant growth, after some years of caution in the face of continuous government regulation and intervention in the market. We have therefore embarked on a number of steps in preparation for rapid growth in the years to come. Most significantly, we lifted the pace of our land acquisition activities during 2013 and to allow for sufficient funding, we had increased our total borrowings. Our view is that we have made our investments carefully catching opportunities before significant rise in land price. This will enable us to capture the benefits of future growth with a focus on continuing our strong margin trends, especially since all new land plots acquired have been of the highest quality at the best cost.

WORKING TO GROW WITHIN THE REGULATORY ENVIRONMENT

The regulatory environment in China in 2013 exhibited two phases. In March, the government implemented the latest round of its ongoing series of regulatory measures, which in effect restated and reinforced policies that were already in place. From that point onwards, the market awaited the outcome of the Third Plenary Session in November of the year. As it turned out, the key message of the Third Plenary Session relating to the property market may prove to be one of comprehensive and profound reform, within which market force would be allowed to play a decisive role in terms of allocating resources. For the Group, this represented a favourable development as the gradual move by the government away from the current regime of real estate regulation using administrative measures to control growth (e.g. home purchase restrictions, and credit control measures) towards a regime relying more on market-based mechanisms as signalled in the Third Plenary Session could be more likely to achieve sustainable long-term growth of the property market. A number of other general policy initiatives that are likely to stimulate demand for properties and may have a long-term positive impact on the property market were also floated in the Third Plenary Session. These included proposals to ease the one-child policy, and to change the current urbanization model, specifically by implementing a differentiated *hukou* system (household registration system) for cities based on their size while increasing the pace of urbanisation.

MACRO MARKET CONDITIONS

With the regulatory environment more stable, the property market enjoyed a healthy upward trend in 2013. In most cities the prices of residential homes rose, with major cities – including Beijing and Guangzhou – experiencing this to a more marked extent. The gradually rising prices were accompanied by increases in transaction volumes across the board, an indicator of genuine demand in the market. Once again, major tier 1 and tier 2 cities experienced the more notable increases in transaction volumes, a clear indication of significant pent-up demand in upper tier cities. Another gauge of the positive state of the market was the rebound in land transactions, which over the year increased in terms of both average price and area, indicating the confidence of developers in the sustainability of the market.

This combination of rising prices and rising transaction volumes resulted in record levels of property sales in 2013 while substantial investment was made in new projects with the total area of new construction starts nationwide also rose noticeably. All these indicators suggest the direction of the property market going into 2014. Provided the wider economy continues to experience reasonable growth, and monetary policy remains consistent, the property market is expected to continue its upward trend in the coming year. There will be some variability between cities, with demand still exceeding supply in tier 1 and tier 2 cities, while tier 3 and 4 cities will experience more subdued growth as supply increases. This is a situation likely to lead to the prospect of further differentiation in regulatory measures to make them more specific to different cities and regions. The land bank profile and city exposure of individual developers will therefore dictate each developer's development strategy in coming years.

BUSINESS HIGHLIGHTS OF 2013

All key performance indicators for the Group in 2013 exhibited growth. Our contracted sales of RMB42.2 billion exceeded our year's target and represented an increase of 23% over our contracted sales in 2012. In terms of area sold, contracted sales for the year represented GFA of 3.39 million sq.m., an increase of 14% over 2012. Turnover increased satisfactorily to RMB36.3 billion, a 19% increase over 2012, and this in turn led to an increase in net profit for the year to RMB7.65 billion. Finally, with construction during the year proceeding substantially on schedule, we were able to deliver 2.73 million sq.m. of properties for sale, an 27% increase over 2012.

In the year, the Group's single most impactful strategy was its aggressive land acquisition. A total GFA of 20.9 million sq.m. was purchased over the year, taking our total land bank to 43.3 million sq.m.; indeed, the year's purchases alone represented a full 48% of the total enlarged land bank. Behind this increased pace of land acquisition was a carefully thought out decision by management to position the Group for quicker growth in the next few years. The land acquisition has diversified our geographical profile by giving the Group a presence in 11 new cities, and has put us in a position to begin development of 25 brand new projects as soon as in 2014. One of the criteria we applied in selecting new land for purchase was whether it allowed for a quick asset turnover or a shorter development schedule; specifically, we targeted land where construction could begin as little as 6 months after acquisition, or where pre-sale could be scheduled within 12 months of purchase. This is in line with our intention, described below, of speeding up our overall development cycle to enhance profitability.

In terms of the Group's regional coverage, China will remain the dominant focus in coming years. However, as our scale increases to a sizeable level, management believes there will also be a need for the Group to invest outside China in order to achieve further growth. Hence, in 2013 the Group made its first significant investment venture outside of China, and entered the Malaysian property market for the first time. We made a very large-scale purchase of land in Johor, Malaysia at a cost of approximately RMB8.5 billion, which will undergo a multi-phased development of predominantly residential housing, with some commercial properties interspersed. The total planned GFA is approximately 3.5 million sq.m. Ideally located on the border of Malaysia across from Singapore and acquired at a reasonable price, this first venture outside China is one from which management believes long-term development value can be realised.

The Group's hotel portfolio continued to grow at a steady pace, with occupancy and rates remaining steady at our mature hotels. With the opening of The Ritz-Carlton, Chengdu in October 2013, the number of hotels owned by the Group amounted to seven. We expect new hotel openings to occur at a moderate pace over the next few years.

The Group enjoyed a successful year in terms of obtaining financing for its developments and refining its debt maturity profile. A total of RMB38.9 billion was raised for construction, land bank acquisitions and refinancing of debt falling due. The majority of this funding came from onshore construction loans; but the offshore debt capital market became an increasingly important source of funding for the Group in 2013. As at year-end, the Group had an aggregate of USD988 million and RMB2.612 billion senior notes already in issue offshore. With the RMB2.612 billion notes falling due in April 2014, the Group has been making preparations and monitoring the credit market for an opportunity to refinance the notes. As part of these preparations, the Group underwent a credit rating exercise with all three major crediting rating agencies (Standard & Poor's, Moody's and Fitch Ratings). The Group obtained ratings of BB (stable)/Ba2 (stable)/BB (positive) from Standard & Poor's, Moody's and Fitch Ratings respectively, an outcome that was well in line with the ratings of comparable industry peers. The rating agencies took into account our long history of weathering the changing property cycles, our proven ability to manage liquidity during the 2008 financial crisis, and our successful navigation of the various austerity measures brought to bear on the China property sector. These ratings benefit the Group by giving it access to a larger investor pool, as well as opening up more financing channels in a way that builds further financing flexibility. As for investors, having agencies monitor the financial profile of the Group instils further investor confidence in its financial discipline. In January 2014, the Group launched an issue of senior notes which was very well received by investors. The final amount of notes issued was USD1.0 billion at 8.50% coupon, which will mature in 2019; to date, this is the largest issue in a single tranche by a PRC property developer in the offshore market. The sizeable and successful deal reflects our growing credit investor base, and our broadening access to the offshore financing market.

STRATEGIES AND PLANS FOR 2014

We believe we are approaching a mature phase of China's property market development which, in spite of ongoing challenges, offers significant opportunities for the Group. For this reason, we have set in motion the plans and arrangements necessary to achieve what we believe can be a 'great leap forward' in 2014. For instance, based on our 2013 land acquisitions and our land bank and development profile, we have our eyes set on achieving a contracted sales target for 2014 in the RMB70 billion range, two third more than that of 2013. Our area under development will increase in support of this substantial growth target.

The Group sees the key factor as necessary to underpin the success of this ambitious rise in targets being the speeding up of the pace of development, so that the actual development cycle is shortened and at the same time imposing rigorous improvements in cost controls. This is basically a rise in development efficiency which will be achieved by pouring greater resources into up-front planning and initial groundwork, in areas such as risk analysis, market surveys, site preparation, achieving relevant approvals, and finalizing architectural design. This kind of detailed advance planning should ensure that all work is done right the first time round, leading to a reduction in delays at later stages due to unplanned changes. In tandem with this, we will be looking to take our standardization of product development to new levels of efficiency. This will involve achieving a seamless integration of the many internal functions involved in property development. Compressing the product development cycle will inevitably reduce interest costs and other opportunity costs. All these will be factored into a dynamic costs monitoring concept that will help us measure and reduce costs further.

As at the end of 2013, the Group was operating across 24 cities and area in China; this number does not include its new activities in Malaysia. These cities are well-distributed geographically across China and consist of a mix of cities of different tiers, making for a diversified portfolio that will optimise growth. We are however looking to improve our diversification further by creating a more equal balance between our northern and southern operations, a move that will bring advantages in terms of a streamlining of management, the deployment of resources, and logistics.

Although the Group is currently selling its property developments in 16 of the 25 cities and area where it has a presence, many of which it entered some years ago, the fact remains that 11 of these cities have not reached a sufficiently efficient scale in sales and a few of them are single-project cities. This suggests that there are ample room for us to do more in some of the cities we have already entered to generate a more significant contribution to the Group's overall operations. In the year to come we will be placing a special focus on cities that have sufficient scale and potential to support multiple and repeating property development projects.

Our key operational targets for the year ahead are as follows. We plan to add a further GFA under development of over 10 million sq.m., and also to further improve the sell-through rate. We also aim to increase total deliveries to purchasers to 3,715,000 sq.m. saleable area. It will be clear that all these targets are dependent on an efficient and well-controlled construction process, and this will be something we will keep in clear focus through detailed co-ordination with contractors and suppliers.

In summary, we see the coming year as having the potential to drive the Group forward significantly in terms of its scale of operations and profitability. To grasp this opportunity, we have made crucial investment decisions regarding land acquisition. The result, we believe, is that the Group has exactly the resources it needs to move quickly and effectively in a newly dynamic market. By leveraging our traditional strengths and our well-respected brand-name, while continuing to streamline our operations and cut costs where possible, we expect the Group to break new ground in the year ahead, and to show the way forward for successful property market development in China.

ACKNOWLEDGEMENTS

This has been another year in which the loyal support of our shareholders and investors has been crucial in enabling us to meet and surpass our targets. I sincerely thank them all on behalf of the Group. Ultimately, sales depend on customers, and once again I would like to thank our thousands of customers over the past year who have put their trust in the Group's reputation and quality offerings when choosing homes to purchase. Finally, the commitment and enthusiasm of the Directors of the Company has once more been vital in maintaining the Group's business momentum over the year. This energy has been backed up by the hard work and loyal service of our many staff members across the country. I would like to acknowledge the valuable contributions of all of these. Together they have shaped a Group culture which stands us in good stead for stepping forward and achieving our future ambitions.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

Within a relatively stable business environment in 2013, the Group was able to carry out a skilful execution of its strategies for achieving a set of well-balanced goals across its key operational activities, and ensuring sustained growth.

CONTRACTED SALES

The Group achieved its contracted sales target for 2013 as planned. Actual contracted sales amounted to RMB42.2 billion, an overall increase of 23% from the previous year's total. Contracted sales were derived from 55 projects in 16 cities and area, in the Group's three main regions of Northern China, Southern China and Hainan. On a regional basis, contracted sales increased to RMB24.116 billion, RMB15.164 billion and RMB2.949 billion for Northern China, Southern China and Hainan respectively. In terms of growth rate, growth for the Hainan region proved outstanding at 255%, while Northern China and Southern China grew at steady rates of 22% and 12% respectively. At the city level, Guangzhou's contracted sales remained highest of all the cities at RMB10.8 billion, increasing by approximately 12% over 2012. Of the 55 projects having contracted sales in the year, seven were newly launched projects; these included four projects in Guangzhou and one each in Beijing, Hangzhou and Wuxi. Contracted sales in terms of GFA increased by 14% to 3,385,700 sq.m. from 2,973,000 sq.m., reflecting a slightly higher average selling price of RMB12,500 per sq.m. for the year compared with RMB11,500 per sq.m. the previous year.

Details of the Group's 2013 contracted sales by geographical distribution are set out below:

Location	Approximate saleable area sold (sq.m.)	+/-% vs. 2012	Approximate total value (RMB million)	+/-% vs. 2012
Guangzhou	516,500	4%	10,835	12%
Beijing and vicinity	770,500	35%	8,496	21%
Tianjin	247,700	-25%	4,629	3%
Taiyuan	550,100	27%	3,942	61%
Hainan	204,100	258%	2,949	255%
Harbin	90,700	106%	1,729	100%
Shanghai and vicinity	93,600	-38%	1,663	-22%
Chengdu	192,300	119%	1,612	80%
Nanjing	84,700	-10%	1,609	32%
Chongqing	241,000	-33%	1,373	-27%
Huizhou	218,400	57%	1,344	27%
Xian	58,600	-66%	771	-43%
Hangzhou	43,200	N/A	748	N/A
Datong	54,600	118%	279	129%
Shenyang	13,500	-21%	147	-16%
Wuxi	6,200	N/A	103	N/A
Total	**3,385,700**	**14%**	**42,229**	**23%**

Note: 2012 contracted sales restated as including JV attributable portion

PROJECTS UNDER DEVELOPMENT

The Group expanded its property under development in the year, not only to meet the year's delivery target but also in preparation for a significant increase in its targets for contracted sales and delivery for 2014. The pace of construction proceeded as planned, and each of the critical points in the development process (including the commencement of construction, the obtaining of pre-sale permits, and final delivery) were all closely monitored. The Group started the year with approximately 7.36 million sq.m. of GFA under development, spread across 39 projects in 14 cities. During the year, the Group completed 3.36 million sq.m. GFA with 2.82 million sq.m. saleable area respectively. The Group increased its land bank in the year substantially; some of its acquisitions allowed for prompt commencement of construction and this helped boost construction starts to approximately 6.04 million sq.m. GFA, from 32 projects. The Company's GFA under development at the end of the year therefore increased by 37% to approximately 10.0 million sq.m., distributed across 48 projects. When this area under construction is put together with further planned construction new starts in 2014, it is estimated they will make available pre-sale permits for properties with an approximate value of over RMB140 billion, providing a solid basis for the Company's sales target for 2014.

The following is the position as at 31 December 2013:

Location	**Number of projects**	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	9	2,067,000	1,660,000
Beijing and vicinity	6	1,444,000	1,172,000
Taiyuan	4	1,054,000	832,000
Tianjin	5	897,000	574,000
Huizhou	3	874,000	768,000
Chongqing	1	739,000	595,000
Hainan	5	600,000	581,000
Meizhou	1	376,000	298,000
Harbin	1	347,000	299,000
Xian	2	285,000	168,000
Hangzhou	1	279,000	191,000
Chengdu	1	257,000	188,000
Datong	1	247,000	189,000
Nanjing	2	208,000	140,000
Shanghai and vicinity	2	168,000	116,000
Guiyang	1	94,000	94,000
Changsha and vicinity	1	57,000	39,000
Wuxi	1	37,000	24,000
Shenyang	1	12,000	12,000
Total	**48**	**10,042,000**	**7,940,000**

SOUTHERN CHINA

The Group's operations in Southern China now cover eleven cities, of which seven were first entered into during the year through first-time purchases of land (Changsha, Meizhou, Guiyang, Fuzhou, Nanning, Zhuhai and Foshan). The four other cities are Guangzhou, Huizhou, Chongqing and Chengdu.

Guangzhou, the Group's southern headquarters, has always been the Group's key sales contributor, both in Southern China and nationally. Contracted sales for Guangzhou in the year amounted to RMB10.8 billion, an increase of 12% over the previous year. Sales were mainly derived from seven continuing projects and four new projects. The seven continuing projects included the residential projects R&F Tangning Garden, R&F Jingang City, R&F Spring World, the Liede project and the Asian Game City project, and the commercial projects located in Pearl River New Town, R&F Yingkai Plaza and R&F Yingtong Plaza. Benefitting from ongoing sales momentum, together these projects generated combined contracted sales of RMB7.86 billion, or approximately 73% of the total for Guangzhou. The commercial project R&F Yingtong Plaza, which was launched last year and for which full sales efforts began in the year, alone brought in RMB2.52 billion in contracted sales. The other commercial project, R&F Yingkai Plaza, a grade-A office building excellently located next to the Group's R&F Center headquarters building and with a Park Hyatt, Guangzhou yet to come on its upper floors, brought in RMB1.43 billion of contracted sales to add to the RMB2.74 billion worth of properties sold there last year. The four new projects were R&F Tianxi Garden, R&F Dongshan Xintiandi, R&F Nansha Tangning and the commercial project R&F Tianyu Plaza. These have already made a notable contribution to sales; their combined contracted sales in the year amounted to RMB2.71 billion or 25% of Guangzhou's total. R&F Nansha Tangning was an example of the Group's successful efforts in shortening the development cycle, with the project taking just 11 months from site acquisition to sales launch. Although the Group's commercial property developments in Guangzhou have to date been concentrated in Pearl River New Town, they will not necessarily be restricted to that area. R&F Tianyu Center, an office building development located in Guangzhou's Haizhu district outside the CBD, was launched in the year with equal success, selling approximately 27,300 sq.m. at an average price of RMB26,500 per sq.m. for RMB724 million. Commercial properties were the main ongoing drivers of sales in the year, accounting for approximately 50% of Guangzhou's contracted sales. This product sale mix, coupled with higher residential prices, resulted in an average selling price in Guangzhou of RMB20,980 per sq.m., highest of all the Group's cities. The Group increased its GFA under construction in Guangzhou by 32% to 2.07 million sq.m., in preparation for the considerable sales growth targeted for 2014.

Chongqing, Chengdu and Huizhou, the other cities in Southern China where the Group has continued to operate, experienced very similar scales of operation in the year; each city had no more than three ongoing projects and each recorded contracted sales within a narrow range of RMB1.34 billion to RMB1.61 billion. These represented 80% and 27% increases in the cases of Chengdu and Huizhou, and a decrease of 27% in the case of Chongqing. Average selling prices for Chongqing and Huizhou were also similar, at RMB5,700 per sq.m. and RMB6,150 per sq.m. respectively, while the average selling price for Chengdu was higher at RMB8,380 per sq.m. The key project in Chongqing was the multi-phased mega project R&F City, now in its eighth year of development. This project has generated respectable contracted sales year after year because it offers a full range of products at different price levels, and its local community environment has continued to mature, especially with the completion of ancillary facilities including access to Chongqing's mass transit system. Upon final completion the project will have a total GFA of approximately 6.8 million sq.m.; up to the end of 2013, GFA of approximately 1.33 million sq.m. had been completed, with cumulative contracted sales from the project amounting to approximately RMB7.3 billion. Sales performance in Chengdu, where the Group was involved in one high-end and one rigid demand type project, was according to expectations. The high-end R&F Ritz International Apartment project enjoys the advantage of a good location in the city centre alongside the city's newest 5-star hotel, the Group's own The Ritz-Carlton, Chengdu which opened in October of the year. Sales were good despite generally sluggish growth in Chengdu's high-end property market. The rigid demand residential project R&F Peach Garden doubled its contracted sales, and was largely responsible for the overall improvement in sales in Chengdu for the year. This will also be the key project in Chengdu going into 2014. Huizhou saw an increase in contracted sales based on three projects, compared to two main projects in the previous year. R&F Hot Spring Valley at Longmen, launched last year, contributed approximately two-thirds of Huizhou's contracted sales even though sales of villa products were generally more affected by market conditions than other types of housing. The new project R&F Bay Shore in Huidong was previously undertaken as a joint venture with another developer. The Group has since acquired complete interest in the project, upgraded the design, and laid out a definitive sales and marketing plan to underpin its future success.

NORTHERN CHINA

The Group's operations in Northern China in the year were made up of projects in twelve cities, with the new addition of Baotou and Wuxi during the year. The ten existing cities were Beijing, Tianjin, Xian, Taiyuan, Shenyang, Shanghai, Nanjing, Harbin, Datong and Hangzhou. The region provided 31 of the 55 projects being sold in the year, and accounted for approximately 57% of the Group's contracted sales.

Beijing has been the Group's base in Northern China since it embarked on its first project there in 2003, the hugely successful residential project Beijing R&F City. Since then, Beijing has stood alongside Guangzhou as one of the two primary cities for the Group's sales. The Group has mainly focused on residential projects in Beijing, and to date has completed several flagship projects in addition to R&F City. These have included R&F Festival City and R&F No.10, each with sales over the RMB3 billion mark. Contracted sales for Beijing for the year amounted to RMB8.50 billion, a 21% increase from 2012, and accounted for 21% of the Group's total contracted sales, again ranking the city just behind Guangzhou. Three residential projects, R&F New Town, R&F Danish Town and R&F Shangyue Court, were the year's core projects, achieving combined sales of approximately RMB6.97 billion or 82% of Beijing's total sales. Despite its suburban location in Xianghe, R&F New Town achieved sales of RMB3.07 billion, an increase of 156% over sales the previous year when the project was first launched. This excellent result was the result of systematic planning and precise execution. As for R&F Danish Town, located in Beijing's sixth ring road south, although lacking the advantage of easy accessibility it nevertheless attracted many buyers with its HAOS concept of an integrated community living experience complete with hotels, apartment and an office building. Contracted sales for the project remained steady in the year, totalling RMB1.88 billion.

Tianjin saw contracted sales in 2013 rise by approximately 3% to RMB4.63 billion from the year before, while its share of the Group's overall sales dropped to approximately 11% from 13%. It continued to rank third among all cities in which the Group operates. The flagship residential project R&F Jinmen Lake, now in its seventh year of development, achieved contracted sales of RMB3.07 billion, almost the same as in 2012. The continuous efforts made to expand and improve sale channels so as to reach a broader customer base was one important factor in keeping the sales momentum going. The first-time offer of villa products in the year also boosted the project's contracted sales, with an additional RMB600 million realized upon launch. R&F Jinmen Lake has recorded cumulative sales to date of approximately RMB14.0 billion, and approximately 623,000 sq.m. is yet to be delivered. Tianjin also has the Group's only commercial project in Northern China, Tianjin R&F Center, an office building located in the heart of Tianjin's CBD which recorded RMB787 million in sales for the year.

Taiyuan was the best performing city by a number of yardsticks. In the relatively short period of six years since the Group first entered Taiyuan, the Group has achieved market share leadership in the city by offering a complete product line, from bare shell units to rigid demand products to quality residential apartments. The scale of the three projects offered by the Group in the year saw it achieve virtual market domination in the north of the city. Total contracted sales amounted to RMB3.94 billion, an increase of 61% from RMB2.45 billion the prior year. These three projects were R&F City, R&F Peach Garden and R&F Prosperous Palace. R&F Prosperous Palace is slightly more up-market than the other two projects, but all three basically cater for rigid demand and home upgrading, in line with the city's mainstream demand. Taiyuan R&F City is the largest of the Group's projects in northern China, with a total GFA of approximately 2.1 million sq.m. Benefitting from ongoing completion of ancillary facilities, it was the hottest property project in Taiyuan in the year, making RMB2.39 billion in contracted sales and taking the city's top spot in all three categories of sales value, sales GFA and number of sold units of a single property project. The project is now in its third phase and has achieved cumulative sales of RMB7.72 billion since its first launch in July 2008. The positioning of R&F Prosperous Palace is somewhat more up-market, and a flexible product strategy has been adopted to meet rigid demand as appropriate. Contracted sales for the project amounted to RMB594 million, making it a market leader in its market segment in north Taiyuan.

Shanghai (including vicinity) saw the Group's R&F Peach Garden project in Qingpu District winding up during the year. The sales focus was therefore turned towards R&F Bay Shore in Kunshan. This project is a low-density residential development emphasizing a relaxing lifestyle, and enjoys superb lake views of the Kunshan area; it has been well received by homebuyers. Contracted sales in the year of RMB783 million were split roughly equally between sales of villas and sales of high-rise units. This total represented the highest contracted sales ever for the project, and also accounted for over half of the total number of property transactions in the locality.

The Group expects to launch its first 100% owned project in metropolitan Shanghai in 2014 on a site in Hongqiao acquired during the year.

Xian, Shenyang, Nanjing, Harbin and Datong are all cities entered by the Group at least two years or more ago (the oldest is Xian, entered in 2005; most recent are Nanjing, Harbin and Datong, entered in 2011). All along, the Group has engaged in a relatively limited number of projects and yet firmly established the R&F brand name in these cities. In the year, all five cities derived their sales from one project each; their combined contracted sales amounted to RMB4.54 billion or 19% of the total for Northern China. In **Xian**, the large multi-phase residential project Xian R&F City, which will have a total GFA of over one million sq.m. on final completion, has reached its final phase after eight years of development. The approximately RMB771 million in contracted sales achieved in the year included a significant portion of villa products, which raised the overall average selling price. The last inventory of this project is expected to be sold in 2014, and should generate approximately RMB300 million in further sales. **Shenyang** hosted the 12th National Games in 2013, but the hype of economic activity induced by the Games and also the project's proximity to the athletes' village did not have any noticeable impact on the Group's Shenyang project R&F Royal Villa, a pure villa development catering to the luxury property market. Alongside making ongoing improvements to the quality and design of R&F Royal Villa in preparation for the eventual upswing in the luxury market segment, the Group will launch a new rigid demand project in Shenyang in 2014. **Nanjing's** R&F City is a mixed-use development with both commercial and residential components, first launched in 2011. The project is located on a 572,000 sq.m. site in the Qi Li High-Tech Incubation Park, in Nanjing's Jiangning District. The rapid maturing of the R&F City community, and the project's comprehensive facilities catering to residents' shopping, education and leisure requirements, all helped boost the project's appeal, and this was reflected in the value of the properties. Contracted sales for Nanjing R&F City increased by approximately 32% to RMB1.61 billion in the year, at an average selling price that commanded a slight premium over the prevailing market price. A significant portion of the contracted sales came from low-rise residential units, which also made Nanjing R&F City the top-selling project in that category in Nanjing. Cumulative contracted sales in GFA for R&F City now amount to approximately 253,000 sq.m., out of a total GFA of 545,000 sq.m. for the whole project. **Harbin's** Jiangwan New Town, a mixed residential/commercial project which the Group first launched in 2012, increased its contracted sales to RMB1.73 billion. Total cumulative contracted sales for the project amount to RMB2.59 billion, or 134,700 sq.m. sold. **Datong's** property market was rather sluggish in the year. Sales of the Group's Datong R&F City project are expected to improve once ancillary facilities are more complete.

Hangzhou and Wuxi are cities that were first-time contributors to sales in the year. The Group's first development in **Hangzhou** is R&F Xixiyue Court, on the site it acquired in late 2012 at Hangzhou Future Sci-tech City. The project is positioned as a high-end residential project in the city west. The project's mainstream unit-type was a 90 sq.m. unit with very high efficiency, and with an above-average standard of decoration not commonly available in Hangzhou. This has since been supplemented by several other product types of various sizes and designs that are proving popular with purchasers. Such a well-balanced product mix helped boost the popularity of R&F Xixiyue Court, driving strong sales in the year and laying a firm foundation for sales going forward. The project had the highest number of people registering interest on its first day of sales of all comparable projects of competitors. Hangzhou's contracted sales for the year amounted to RMB748 million, with an average selling price of RMB17,300 per sq.m. **Wuxi** is a city with a high GDP per capita, but the city's wealth has not yet expressed itself in demand for luxury properties due to the absence of attractive high grade properties. The Group debuted in the city with its top-of-the-line product R&F No. 10, introducing a standard of luxury not previously seen in Wuxi. The project commenced sales in the last week of the year and quickly recorded over RMB100 million in contracted sales, despite the high average selling price of approximately RMB16,600, also uncommon in the city.

Hainan

Hainan's property market is unique in China. Blessed with favourable year-round warm weather and an unmatched natural environment, Hainan's property never remains depressed for long periods but inevitably rebounds. Properties for vacationing or retirement form a major part of developments on the island, and high quality ancillary facilities are essential for these types of properties. The Group has maintained a steady pace in its development of ancillary facilities even during the slow market, ready to capture market opportunities to come. Improvement in Hainan's property market was evident during the year, as the Group's contracted sales for the year rose significantly by 255% to RMB2.95 billion from RMB830 million the previous year. These sales were from the same three projects, R&F Bay Shore, R&F Yingxi Valley, and R&F Mangrove Bay. R&F Bay Shore at Xiangshui Bay, a mix of resort style low-rise apartments with additional facilities that include a resort hotel and a yacht club, was the year's top project. Offering rare sea-front units for sale boosted sales in the year, and the project eventually achieved RMB1.60 billion in sales. R&F Yingxi Valley is located on Haikou's west coast and is comprised of villas and linked houses, while R&F Mangrove Bay is located at Chengmai Town adjacent to 99 acres of mangrove forest. These two projects each achieved satisfactory contracted sales, achieved through the use of flexible sales strategies.

LAND BANK

In line with its growth plan, the Group expanded its land bank significantly during the year with the addition of a total of 20.9 million sq.m. GFA of new land, spread over 20 cities in China as well as the state of Johor in Malaysia. Although the Group accelerated the pace of its land acquisition, it continued to apply the same conservative and balanced criteria as always to evaluate its land acquisitions, such as taking into account the scope for a short project cycle from acquisition to sales commencement, and favourable payment terms. All the new acquisitions were examples of land with excellent development potential, and all were acquired at reasonable cost. As a result, the Group's current land bank is of the highest quality. Additions in the year included land in ten cities in which the Group acquired land for the first time, as part of its commitment to developing new markets. These cities were Changsha and vicinity, Guiyang, Meizhou, Fuzhou, Foshan, Zhuhai, Baotao, Wuxi, Nanning and the state of Johor, in Malaysia. Total attributable GFA of this group amounted to 20.9 million sq.m., of which the land in Johor, Malaysia accounted for 17%. The other additions to the land bank in existing cities (including mainly Beijing, Guangzhou, Tianjin, Shanghai and Harbin) served to replenish land consumed or provide sites for new projects to support continuous sales growth. The Group's total land bank at year-end had increased to 45.7 million sq.m. GFA. Details are given below:

Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Development Properties		
Guangzhou	3,314,000	3,058,000
Beijing and vicinity	3,769,000	3,324,000
Tianjin	4,466,000	3,919,000
Shanghai and vicinity	572,000	547,000
Harbin	1,683,000	1,533,000
Wuxi	752,000	752,000
Chongqing	5,314,000	5,240,000
Hangzhou	445,000	445,000
Nanjing	732,000	567,000
Fuzhou	327,000	327,000
Changsha and vicinity	3,299,000	3,299,000
Taiyuan	2,481,000	2,445,000
Datong	2,109,000	2,109,000
Baotou	1,464,000	1,464,000
Hainan	3,003,000	2,868,000
Huizhou	3,359,000	3,359,000
Foshan	228,000	228,000
Meizhou	2,352,000	1,989,000
Shenyang	260,000	260,000
Xian	473,000	473,000
Zhuhai	100,000	100,000
Chengdu	649,000	469,000
Guiyang	189,000	189,000
Nanning	196,000	166,000
Malaysia	3,500,000	3,500,000
Investment Properties	652,000	635,000
Total	**45,688,000**	**43,265,000**

INVESTMENT PROPERTIES

The Group continued to develop its investment property portfolio at a controlled pace. No new additions were made during the year in the categories of rental office buildings and shopping malls. Nevertheless, the capital value of the Group's main existing properties appreciated satisfactorily over the year because of their excellent location and high quality; these included the Group's office building, R&F Center, in Pearl River New Town in Guangzhou, and the Group's shopping mall, Viva Beijing R&F Plaza in Beijing. As for hotels, following the opening of The Ritz-Carlton, Chengdu in October 2013, the Group's hotel portfolio as at the end of the year comprised six 5-star hotels in Beijing, Guangzhou, Chengdu, Chongqing and Huizhou, and the Express by Holiday Inn Temple of Heaven Beijing in Beijing. All these hotels are operated by reputable international hotel management companies and deliver the highest service standards of the hospitality industry; as a result, the Group's hotels will remain competitive regardless of any increase in the supply of hotel rooms in their respective localities. Overall, the Group's investment property portfolio comprises high quality assets that provide it with a reliable cash flow through the ups and downs of the economic cycle.

Investment properties completed or in the pipeline are as follows:

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt, Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	115,000
R&F Center*	Pearl River New Town J1-4	55-storey office building	163,000
Holiday Inn Airport Guangzhou	R&F Jingang City	4-star hotel 350 rooms	38,000
Park Hyatt, Guangzhou	Pearl River New Town J1-1	5-star hotel 176 rooms	66,000
Conrad, Guangzhou#	Pearl River New Town Liede Village	5-star hotel 350 rooms	39,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 540 rooms	120,000
R&F Center*	Beijing R&F City	Office building	60,000
Viva Beijing R&F Plaza*	Beijing R&F City	Shopping mall	111,000
Holiday Inn Express Temple of Heaven Beijing*	R&F Xinran Court/Plaza	4-star hotel 321 rooms	22,000
Tianjin			
Marriott Hotel Tianjin	Tianjin R&F City	5-star hotel 400 rooms	58,000
Tianjin R&F City Complex (Retail)	Tianjin R&F City	Shopping mall	43,000
Huizhou			
Renaissance Huizhou Hotel*	R&F Ligang Center	5-star hotel 342 rooms	54,000
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	5-star hotel 350 rooms	45,000

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Chongqing			
Hyatt Regency Chongqing*	Jiangbei District	5-star hotel 321 rooms	46,000
R&F Ocean Plaza (Retail)*	R&F Ocean Plaza	Shopping mall	73,000
Holiday Inn University City Chongqing	Chongqing R&F City	4-star hotel 390 rooms	68,000
Chengdu			
R&F Panda Tianhui Mall*	Panda City	Shopping Mall	255,000
The Ritz-Carlton, Chengdu*	Panda City	5-star hotel 353 rooms	57,000
Hainan			
Doubletree Resort by Hilton, Haikou – Chengmai	R&F Mangrove Bay	5-star hotel 300 rooms	38,000
Lingshui R&F Bay Shore Mariott & Yacht Club	R&F Bay Shore	5-star hotel 300 rooms	76,000
R&F Ocean Park	Lingshui County	Hotel, travel & commercial	200,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel 380 rooms	50,000
Harbin			
The Ritz-Carlton, Harbin	R&F Jiangwan New Town	5-star hotel 350 rooms	67,000
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	5-star hotel 320 rooms	41,000
Shanghai			
Hyatt Place Shanghai Xinjiangwan#	Jiayu Wan	5-star hotel 150 rooms	15,700

* Completed
\# Joint Venture Project

OUTLOOK

The Group is generally optimistic about the market outlook following the policy directions set out at the Third Plenary Session of the 18th Central Committee of the Communist Party of China. Based on its assessment of the prospective business environment, the Group has ramped up its operations, not only by accelerating the process of replenishing and expanding its land bank but also by preparing its resources (including manpower resources), with the aim of achieving significant growth in the year ahead. For 2014, the Group's contracted sales target is RMB70 billion, approximately 66% more than its 2013 contracted sales and representing a proposed growth rate higher than ever before. This contracted sales target is being supported by well-planned marketing and coordinated efforts to enlarge the GFA under construction so as to build up a sufficient project pipeline. The target figure will be achieved from sales of 63 projects in 22 cities and area, and to deliver 3.72 million sq.m. saleable area of properties. The details are set out below:

	To be completed in 1st half of 2014		To be completed in 2nd half of 2014	
Location	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**
Guangzhou	276,000	200,000	382,000	287,000
Huizhou	191,000	174,000	299,000	245,000
Hainan	32,000	31,000	225,000	200,000
Chongqing	189,000	156,000	336,000	269,000
Chengdu	–	–	120,000	91,000
Changsha and vicinity	–	–	48,000	33,000
Beijing and vicinity	303,000	265,000	440,000	378,000
Tianjin	82,000	58,000	297,000	221,000
Taiyuan	33,000	29,000	415,000	392,000
Xian	–	–	67,000	53,000
Shenyang	–	–	12,000	12,000
Shanghai and vicinity	37,000	26,000	92,000	76,000
Datong	26,000	23,000	141,000	128,000
Nanjing	146,000	98,000	55,000	35,000
Wuxi	–	–	18,000	17,000
Harbin	–	–	140,000	129,000
Hangzhou	–	–	135,000	89,000
Total	**1,315,000**	**1,060,000**	**3,222,000**	**2,655,000**

OUR PROPERTY PORTFOLIO

Guangzhou R&F Nansha Tangning

Huizhou R&F Modern Plaza

Huizhou R&F Hot Spring Valley

Hyatt Regency Chongqing

Chongqing R&F Modern Plaza

Chengdu R&F Tianhui Mall

Tianjian R&F Guangdong Building

Shanghai R&F Bay Shore

Beijing R&F Xinran Plaza

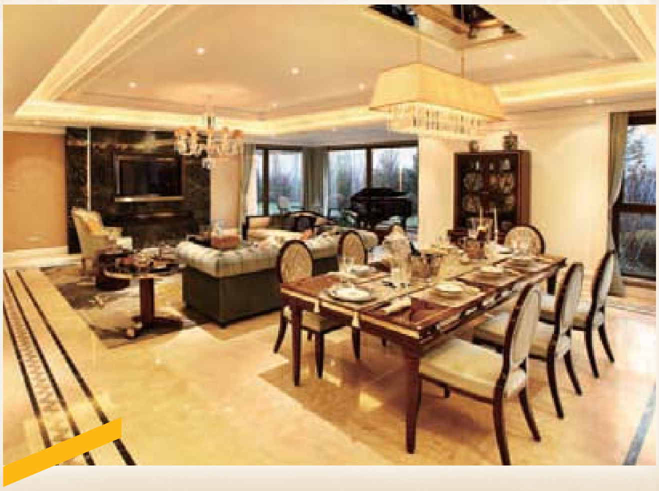
Guangzhou R&F Yingtong Plaza

Beijing R&F New Town

Guangzhou R&F Dongshan Xintiandi

Shanghai R&F Peach Garden

Wuxi R&F No. 10



Harbin R&F Jiangwan New Town

Investor Relations

The key focus of our investor relations is to maintain an active and open dialogue to communicate effectively with the investor and the research community. The objective is to clearly articulate the Company's overall operating and financial position so that investors can make their own assessment of the general direction where the Company is moving. In addition, the success of future capital markets activity relies on the Company's transparency and ongoing dialogue with market participants. By taking into account different perspectives, we could ensure lowest possible funding cost whilst maximizing funding alternatives for the Company ultimately benefiting all stakeholders.

At the beginning of 2013, we forecasted a positive outlook and set an annual contracted sales target growth of 23%; under the stable market and with quality land bank and strong execution, we achieved the sales target and met the expectation from both equity and credit investors. We look to repeat this in 2014 to grow investor confidence that we can sustain this growth on a longer-term basis.

Our successful investor relations activity was reflected in the support from offshore credit investors. In January, the Company issued USD600 million senior notes for 7 years. It was the first time we had issued senior notes beyond a 5 year maturity and also the first time issued under the keepwell structure. Demand was overwhelming and the bonds continued to show support after the transaction. As we had promised to the investors, we also began engaging rating agencies from the middle of the year to obtain a rating, which after articulating our credit strengths, we gained satisfactory rating from Moody's, S&P and Fitch in October that compared favourably versus our peers. On the back of obtaining a rating and increased demand from credit investors, we stepped up our efforts to met with credit investors through informal lunch meetings, and formal one-on-one in various investment conferences. With our offshore financings continuing to show support over the past year, we will continually provide accurate and timely operational information to our investors.

As for equities investors, we continue to remain transparent with the community ever since our listing. The Company attended 20 global conferences, post-result analyst meetings, and NDRs. Among them were some of the biggest conferences in terms of the number of investor attendees. Last year, we also met with our investors twice in London as we broaden our reach to investors outside Asia. The Company values every opportunity in maintaining open communication with the global investment community, and will look to carry this into 2014.

The Company would like to thank all investors and shareholders who have given positive feedback and constructive comments to Company. We would also like to thank our property analyst peers for their hard work which ensured the transparency of our industry and the Company. We look forward to another year of cooperation to provide the best investor relations services to the investors community.

Month	**Conference/Road Show**
January	• BNP Paribas HK/China Property Corporate Day (Hong Kong) • UBS Greater China Conference (Shanghai) • 12th Annual Deutsche Bank Access China Conference 2013 (Beijing)
March	• JPM Asia Pacific Real Estate Conference 2013 (Singapore) • Post-result NDR with Deutsche Bank and UBS (Hong Kong) • Post-result NDR with Bank of America Merrill Lynch (Singapore)
April	• HSBC 4th Annual Greater China Property Conference (Hong Kong) • UBS HK China Property Conference 2013 (Hong Kong)
May	• Macquarie Greater China Conference 2013 (Hong Kong) • CLSA 18th China Forum (Beijing) • Morgan Stanley 4th Annual Investor Summit (Hong Kong)
July	• Bank of America Merrill Lynch Greater China Property Corporate Day (Hong Kong)
August	• Daiwa Property and REIT Conference (Hong Kong)
October	• Macquarie China Corporate Day (London)
November	• Bank of America Merrill Lynch China Conference 2013 (Beijing) • Goldman Sachs Greater China CEO Summit 2013 (Hong Kong) • Citi China Investor Conference 2013 (Macau) • Morgan Stanley 12th Annual Asia Pacific Summit (Singapore) • CLSA HK/China Property Access Day (Hong Kong)
December	• UBS Global RE CEO Conference 2013 (London)

EMPLOYEE DEVELOPMENT

As of 31 December 2013, the Group had a total of approximately 22,933 employees (2012: approximately 18,302).

2013 was a challenging year for the Group. In 2013, the Group established six subsidiaries in Huidong, Changsha, Guiyang, Meizhou, Fuzhou and Wuxi. Given our need for talent, the Company continued with its existing direction of staff training. Through a series of useful and diversified training programmes for staff in each rank, including R&F Star programme, Talent A Programme, Talent B Programme and Advanced Practical Training Session for General Manager, the Company has secured sufficient manpower for its on-going development and expansion while adhering to its corporate philosophy of "pragmatic advancement, always people first". Besides an obvious increase of training programmes in the category intended for senior managers, the Company had also provided more internal trainings focusing on general knowledge and professionalism to improve our staff's caliber. As an example, fresh graduates generally attend four intensive trainings organized by the Company within half a year.

COMMUNITY SERVICE

As an excellent real estate enterprise rooted in PRC, the Company discharged our social responsibility in several aspects such as culture cultivation and community support. As of 31 December 2013, the Group had made cumulative charitable donations of more than RMB230 million.

In May 2013, the Group donated RMB300,000 for disaster relief of the 7.0 earthquake in Ya'an city in Sichuan province. The Group donated RMB500,000 to Guangdong Caring Foundation to support 79 students affected by the terrible mudslide of Wenchuan county in Sichuan province in September for their study and also help our fellow-citizen to rebuild their homes.

In addition to charity donation, the Group was devoted to alleviating poverty. In June 2013, the Company attended the working conference on poverty alleviation convened in Guangzhou city hall, at which the Company was awarded "Charity Enterprise with Outstanding Contribution in Poverty Alleviation in Mountain Area in Northern Guangzhou" for our charity work in Xiaolou Town, Zengcheng.

The Group is dedicated to community services and takes care of vulnerable groups in the Society. In May 2013, Company's volunteer team consisting of our staff visited orphans in Guangzhou Children Welfare Office, delivered a wonderful performance and gave presents to the children. The volunteer team also visited homes for the aged in Guangzhou and held a party for the elderly.


Harbin
Shenyang
Beijing
Baotou
Tianjin
Datong
Taiyuan
Xian
Nanjing
Wuxi
Shanghai
Chengdu
Hangzhou
Chongqing
Changsha
Fuzhou
Guiyang
Meizhou
Guangzhou
Huizhou
Foshan
Nanning
Zhuhai
Hainan

The Group's net profit for the year increased by 35% to RMB7.646 billion, from RMB5.659 billion the previous year. The primary factor behind the Group's better overall results was the increase in net profit of its core business of property development, to RMB6.121 billion. This was the result of a 20% increase in turnover from sale of properties along with considerable fair value gains from investment properties, which lifted results of the Group's property investment segment. Fair value gain for the year, based on basically the same investment property portfolio as last year, amounted to RMB2.436 billion as compared to RMB660 million in 2012, and net profit from the segment increased to RMB2.111 billion from RMB743 million accordingly. The hotel segment recorded a net loss of RMB249 million, increased from the net loss of RMB175 million the previous year. The mature hotels of the Group continued to perform well, but financial results were affected by the pre-operating expenditure associated with The Ritz-Carlton, Chengdu, which opened in the year. The Group's other business segments (including construction services and the soccer team) recorded a net loss of RMB338 million.

CONSOLIDATED INCOME STATEMENT

2013

	Note	**Property development (RMB'000)**	**Property investment (RMB'000)**	**Hotel operation (RMB'000)**	**Other segments (RMB'000)**	**Group (RMB'000)**
Turnover	1	**33,651,248**	**727,245**	**900,594**	**992,197**	**36,271,284**
Cost of sales	2	**(19,943,390)**	**(137,958)**	**(735,935)**	**(1,219,015)**	**(22,036,298)**
Gross profit	3	**13,707,858**	**589,287**	**164,659**	**(226,818)**	**14,234,986**
Other gains – net	4	**203,886**	**2,436,203**	**1,968**	**2,363**	**2,644,420**
Selling and administrative expenses	5	**(2,143,463)**	**(35,017)**	**(233,822)**	**(52,418)**	**(2,464,720)**
Other income		**84,024**	**–**	**60**	**449**	**84,533**
Operating profit/(loss)		**11,852,305**	**2,990,473**	**(67,135)**	**(276,424)**	**14,499,219**
Finance costs	7	**(1,362,517)**	**(175,613)**	**(264,499)**	**(131,113)**	**(1,933,742)**
Share of results of joint ventures	6	**357,253**	**–**	**–**	**–**	**357,253**
Share of results of associates	6	**(51,171)**	**–**	**–**	**270**	**(50,901)**
Profit/(loss) before income tax		**10,795,870**	**2,814,860**	**(331,634)**	**(407,267)**	**12,871,829**
Income tax expenses	8	**(4,674,980)**	**(703,715)**	**82,909**	**69,605**	**(5,226,181)**
Profit/(loss) for the year	9	**6,120,890**	**2,111,145**	**(248,725)**	**(337,662)**	**7,645,648**

2012

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	Other segments (RMB'000)	Group (RMB'000)
Turnover	1	28,057,384	628,327	830,269	849,076	30,365,056
Cost of sales	2	(16,212,852)	(104,682)	(644,960)	(1,024,282)	(17,986,776)
Gross profit	3	11,844,532	523,645	185,309	(175,206)	12,378,280
Other gains – net	4	161,918	659,663	1,159	3,119	825,859
Selling and administrative expenses	5	(1,695,609)	(24,691)	(216,205)	(39,901)	(1,976,406)
Other (expenses)/income		(994)	–	340	654	–
Operating profit/(loss)		10,309,847	1,158,617	(29,397)	(211,334)	11,227,733
Finance costs	7	(1,096,026)	(163,912)	(204,317)	(37,354)	(1,501,609)
Share of results of joint ventures	6	402,974	–	–	–	402,974
Share of results of associates	6	(87,015)	–	–	(318)	(87,333)
Profit/(loss) before income tax		9,529,780	994,705	(233,714)	(249,006)	10,041,765
Income tax expenses	8	(4,198,185)	(252,080)	58,429	9,421	(4,382,415)
Profit/(loss) for the year	9	5,331,595	742,625	(175,285)	(239,585)	5,659,350

The Group carries out its core business of property development in 12 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sale of properties:

1. Turnover increased by 20% to RMB33.65 billion, from RMB28.06 billion in the previous year. This turnover was based on delivery of 2.733 million sq.m. of sale properties in the year, which was approximately 27% more than the 2.152 million sq.m. delivered the previous year. Overall average selling price fell to RMB12,310 per sq.m. from RMB13,040 per sq.m., a moderate change of 5.6% that reflected relatively stable price levels and no significant change in the sales mix. Those projects with comparable selling prices, mainly six residential projects including R&F Jin Gang City in Guangzhou, R&F Jinmen Lake in Tianjin, and R&F City in Chongqing, Xian, Taiyuan and Nanjing that accounted for approximately 27% of total turnover, had average selling prices that varied within an 9% range of the previous year's, with the exception of Nanjing R&F City which increased by 22%. New projects accounted for approximately 45% of total turnover. These included two commercial projects in Guangzhou's Pearl River New Town, R&F Yingtong Plaza and R&F Yingkai Plaza, which together contributed RMB8.0 billion in turnover at an average selling price of RMB41,370 per sq.m. The high turnover of the two projects partly accounted for Guangzhou's 56% and 12% increases in turnover and average selling price respectively, to RMB11.6 billion and RMB20,460 per sq.m. When put together with the third commercial project, Tianjin R&F Center, the result was that turnover of commercial properties as a percentage of total turnover also increased to 30% from 9% the previous year. As for turnover by city, Guangzhou was again highest, followed by Beijing and Tianjin; they accounted for 34%, 20% and 13% (2012: 26%, 20% and 18%) of total turnover respectively. Turnover in Beijing increased by 17% to RMB6.614 billion (2012: RMB5.654 billion), all derived from residential projects, of which R&F Shengyue Court accounted for 44% at an average selling price of RMB18,080 per sq.m. The overall average selling price for Beijing decreased by approximately 32% to RMB13,810 per sq.m.; last year, the high-end residential project R&F City No.10 boosted the average selling price in the city. Turnover of Tianjin remained high at RMB4.53 billion, close to its record turnover of the previous year. The flagship project, R&F Jinmen Lake, delivered 135,300 sq.m. (2012: 258,500 sq.m.) at an average selling price of RMB16,710 per sq.m. (2012: RMB16,090 per sq.m.) and generated RMB2.262 billion (2012: RMB4.159 billion) in turnover. The Group's only commercial project outside Guangzhou, R&F Center in Tianjin, recorded RMB1.671 billion in turnover and accounted for 37% of the city's overall turnover. Among the other nine cities which had turnover in the year, Hainan rebounded significantly from the previous year and Datong contributed to turnover for the first time. Hainan's turnover more than tripled to RMB1.995 billion with turnover from three projects, R&F Bay Shore, R&F Yingxi Valley and R&F Mangrove Bay, while maintaining a stable average selling price.

The following table gives the breakdown of saleable area, turnover, and percentage attributable to the Group for the sale of properties during the year:

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Guangzhou			
R&F Yingkai Palace	109,493	4,783,806	100%
R&F Yingtong Palace	83,901	3,217,380	100%
R&F Jin Gang City	220,084	1,628,913	100%
R&F Tangning Garden	8,457	402,402	100%
R&F Spring World	98,760	726,711	100%
R&F Shengyue Court	20,662	329,830	100%
R&F Golden Jubilee Garden	12,264	151,517	100%
R&F Yingxin Palace	3,118	133,226	100%
R&F Junhu Palace	4,735	116,669	100%
R&F Yingsheng Palace	4,132	70,327	100%
Others	1,348	41,554	100%
	566,954	**11,602,335**	
Beijing			
R&F Shengyue Court	161,715	2,923,031	100%
R&F Prosperous Palace	82,656	1,061,319	100%
R&F Golden Jubilee Garden	51,885	868,074	100%
Xianghe R&F New Town	98,934	726,658	100%
R&F Festival City	28,865	335,466	100%
R&F City No.10	17,272	201,569	100%
R&F Danish Town	13,388	201,148	100%
R&F Bay Shore	7,932	149,250	100%
Beijing R&F City	7,921	103,883	100%
Others	8,471	43,262	100%
	479,039	**6,613,660**	
Tianjin			
R&F Jinmen Lake	135,159	2,259,783	100%
R&F Center	83,238	1,671,407	100%
R&F Peach Garden	69,642	575,040	100%
Tianjin R&F City	546	26,746	100%
	288,585	**4,532,976**	
Chongqing			
Chongqing R&F City	308,961	1,591,079	100%
R&F Modern Plaza	2,453	23,538	100%
R&F Ocean Plaza	100	1,312	100%
	311,514	**1,615,929**	
Xian			
Xian R&F City	180,008	1,400,519	100%
	180,008	**1,400,519**	

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Huizhou			
R&F Longquan Project	81,107	713,259	100%
R&F Modern Plaza	71,537	288,756	100%
R&F Ligang Center	2,377	18,602	100%
	155,021	**1,020,617**	
Hainan			
R&F Bay Shore	49,015	868,811	100%
R&F Mangrove Bay	65,943	680,036	100%
R&F Yingxi Valley	36,456	445,712	100%
	151,414	**1,994,559**	
Shanghai			
R&F Bay Shore	39,759	453,243	100%
R&F Peach Garden	21,386	295,107	100%
	61,145	**748,350**	
Taiyuan			
Taiyuan R&F City	195,212	1,249,366	100%
Taiyuan Prosperous Palace	62,134	580,904	100%
R&F Modern Plaza	14,780	65,616	100%
	272,126	**1,895,886**	
Chengdu			
R&F Peach Garden	130,027	696,095	100%
R&F Tianhui Mall Phase II	32,306	353,696	65%
	162,333	**1,049,791**	
Nanjing			
Nanjing R&F City	85,545	1,090,109	100%
	85,545	**1,090,109**	
Datong			
Datong R&F City	19,192	86,517	100%
	19,192	**86,517**	
Total	**2,732,876**	**33,651,248**	

2. Overall cost of sales and cost of land and construction per sq.m. was practically stable given the sales mix; decreases of 3% and 3% respectively to RMB7,300 per sq.m. and RMB6,270 per sq.m. (2012: RMB7,530 per sq.m. and RMB6,480 per sq.m.) were recorded. Land and construction costs per sq.m. of individual projects ranged from RMB15,200 to RMB3,000. At the high end of the range typically were commercial projects in Guangzhou's CBD, such as R&F Yingtong Plaza and R&F Yingkai Plaza, and high-end residential projects such as R&F Junhu Palace in Guangzhou and R&F No.10 in Beijing. At the low end of the range were rigid demand type housing in tier 2 or 3 cities, such as R&F City in Chongqing and Taiyuan. Each of the four main components of cost of sales, land cost, construction costs, business tax and capitalized interest, also remained proportionally stable from year to year. In the year under review, land and construction costs accounted for 86% (2012: 86%), business tax 10% (2012: 11%) and capitalized interest 4% (2012: 3%). Capitalized interest included in the cost of sales and also as a percentage of turnover from sale of properties increased to RMB797 million and 2.4% from 2012's RMB558 million and 2.0% respectively. Cost of sales also included RMB1.999 billion (2012: RMB1.713 billion) in business tax and other levies.

3. As described above, with the average selling price of turnover reduced by 5.6% and a reduction in cost of sales of 3%, the overall gross margin fell accordingly by 1.5% to 40.7%, from 42.2% the previous year. The commercial projects in the year attained a gross margin of 54% as a group, highest among all product groups. This group of commercial projects made up 30% of total turnover and had a significant impact on gross margin. Gross margin of higher-end and mid-market residential projects (including villas) averaged 36% for the year. This group represented approximately 42% of total turnover; key projects included Beijing's R&F Shengyue Court and Tianjin's R&F Jinmen Lake. The remaining projects, accounting for 28% of total turnover, were essentially rigid demand type products and included R&F City projects in a number of cities.

4. Other gains mainly arose from interest income.

5. Selling and administrative expenses as a percentage of turnover increased to 6.4% from 6.0% in the previous year, due to an increase in selling and administration expenses for the year of RMB448 million or 26%, which was more than the rate of increase in turnover. Broken down into its two components, selling expenses increased by RMB156.5 million to RMB560.2 million and administrative expenses increased by RMB291.4 million to RMB1.583 billion. Selling expenses increased mainly due to the fact that the number of sales projects in the year increased to 55 from 47 in the previous year. Entering into ten new cities in the year also required the deployment of additional manpower, which resulted in an increase in personnel costs (recorded under administrative expenses).

6. The share of result of associates was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of results of joint ventures were mainly derived from the Group's 33.34% interest in the Guangzhou Liede project, the 25% interest in the Tianjin Jinnan New Town project, and the 50% interest in the Shanghai New Jiangwan project. These four projects had a combined turnover of RMB6.058 billion in the year.

7. Finance costs increased by 29% to RMB1.934 billion (2012: RMB1.502 billion). As these costs include interest expenses incurred in the year after deduction of amounts capitalized to development costs, finance costs were affected by the total amount of debt, the interest rate, and the amount of interest being capitalized. With outstanding loans of approximately RMB61.4 billion (2012: RMB35.6 billion) and an average interest rate of 8.1%, total interest expenses for the year amounted to RMB3.886 billion. This was 40% more than the interest expenses for 2012, mainly as a result of higher average debts. Finance costs increased as a result although interest capitalized increased by RMB594 million. Capitalized interest released to cost of sales amounted to RMB797 million, as compared to RMB558 million for the previous year. Aggregate interest costs included in this year's results amounted to RMB2.731 billion (2012: RMB2.060 billion).

8. Land appreciation tax (LAT) of RMB2.348 billion (2012: RMB2.136 billion) and enterprise income tax of RMB2.327 billion brought the Group's total income tax expenses for the year to RMB4.675 billion. As a percentage of turnover, LAT decreased to 7.0% from 7.6% in 2012. This decrease was due to the fact that gross profit margins of projects in the year were more even, with few projects achieving an especially high gross margin and thus attracting LAT at a high tax rate. The effective enterprise income tax rate stood at 27.5% (2012: 27.9%), deviating from the standard rate by 2.5% because of permanent differences limiting the tax deductible amount.

9. Overall the Group's net profit margin for the year was 21.1%, as compared to 18.6% in the previous year. If fair value gains from investment properties are excluded, this year's net profit margin would be 16.0%, 1.0% lower than the 17.0% of 2012. The main reason for this decrease was the decrease in gross profit margin from property development.

CONSOLIDATED BALANCE SHEET

	Note	**2013 (RMB'000)**	2012 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**1,098,345**	850,398	29%
Property, plant and equipment	2	**6,566,671**	5,489,200	20%
Investment properties	3	**15,888,187**	13,347,220	19%
Intangible assets	4	**897,836**	897,797	0%
Interests in joint ventures	5	**4,258,931**	3,795,093	12%
Interests in associates	6	**122,600**	179,843	-32%
Deferred income tax assets	7	**3,217,888**	2,696,531	19%
Available-for-sale financial assets	8	**281,400**	224,000	26%
Trade and other receivables and prepayments	9	**1,450,024**	1,624,219	-11%
Current assets				
Properties under development	10	**56,111,099**	39,427,395	42%
Completed properties held for sale	11	**10,992,876**	7,964,288	38%
Inventories		**297,920**	305,812	-3%
Trade and other receivables and prepayments	9	**13,162,768**	7,609,054	73%
Tax prepayments		**1,656,242**	1,314,646	26%
Restricted cash	12	**6,622,173**	5,835,622	13%
Cash	12	**17,722,162**	7,026,092	152%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	13	**43,352,514**	28,419,956	53%
Accruals and other payables		**596,257**	–	N/A
Deferred income tax liabilities		**3,589,702**	2,780,705	29%
Current liabilities				
Accruals and other payables	14	**17,781,734**	12,679,479	40%
Deposits received on sale of properties	15	**13,777,892**	13,165,205	5%
Current income tax liabilities	16	**9,671,667**	7,499,685	29%
Short-term borrowings	13	**2,549,535**	1,432,052	78%
Current portion of long-term borrowings	13	**15,545,778**	5,780,254	169%
TOTAL EQUITY		**33,482,043**	26,829,874	25%
Perpetual capital instrument		**1,000,000**	–	N/A
Non-controlling interests		**375,207**	363,919	3%

1. This related to self-use assets and hotels. Increase represented mainly by the new additions of the land cost of self-use assets and hotels in Guangzhou, Hainan, Chongqing and Taiyuan.

2. The increase being the additional costs in the year of which main items were the further construction costs of self-use assets and hotels in Guangzhou, Hainan, Chengdu and Chongqing.

3. The increase represented mainly the fair value gain of two existing properties in Guangzhou and Beijing and one new addition investment property under construction in Tianjin.

4. No significant changes.

5. Increase mainly being the Group's share of profits of the joint venture projects at Liede Village, Guangzhou and Yangpu, Shanghai and new joint ventures investment in Nansha and Guiyang.

6. Decrease mainly being the Group's share of loss of the Asian Game City project for the year.

7. Increase mainly due to the increase in accrued LAT not deductible for income tax.

8. The increase being new investment in a property development fund.

9. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control.

10. The increase was mainly coming from seven new projects in Guangzhou, Shanghai, Tianjin, Huizhou, Meizhou, Hangzhou and Wuxi and four ongoing projects in Guangzhou, Beijing, Datong and Harbin; there were 48 projects and 10.042 million sq.m. GFA under development at 31 December 2013 as compare to 39 projects and 7.356 million sq.m. GFA last year.

11. The increase was mainly coming from the completion of various projects in Guangzhou, Beijing, Tianjin, Chongqing and Nanjing. Balance represented approximately 1,684,000 sq.m. GFA. In terms of value, Guangzhou, Beijing and Tianjin accounted for over 50% of the total.

12. Cash maintained at a level adequate for the Group's operation and further development.

13. Refer to "Financial resources, liquidity and liabilities".

14. Construction payables representing approximately 48% of the total and increased by RMB1,660 million.

15. Increase due to difference in the rate of delivery of completed properties and the rate of cash received from sale of properties during the year.

16. The increase in income tax liabilities was due to the increase in accrued LAT.

CASH FLOW

	Note	**2013 (RMB'000)**	2012 (RMB'000)
Net cash used in operating activities	1	**(11,862,447)**	(2,464,109)
Net cash (used in)/generated from investing activities	2	**(894,500)**	817,412
Net cash generated from financing activities	3	**23,546,498**	3,846,546
Net increase in cash		**10,789,551**	2,199,849
Exchange losses on cash		**(93,481)**	–
Cash at 1 January		**7,026,092**	4,826,243
Cash at 31 December		**17,722,162**	7,026,092

1. Contracted sales generated RMB33.2 billion in pre-sale proceeds while the cash used in land acquisition and construction increased significantly.

2. Mainly the cash used in construction of hotels.

3. Mainly being net proceeds from borrowings which increased significantly while dividends (2012 final and 2013 interim) paid in the year of RMB1.983 billion also slightly increased.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

At 31 December 2013, the Group's cash amounted to RMB24.34 billion and with a total borrowing at RMB61.45 billion which included 1) RMB5.5 billion domestic bonds issued in October 2009, 2) offshore RMB2.612 billion 7.00% senior notes due 2014 issued in April 2011, 3) offshore USD388 million 10.875% senior notes due 2016 issued in April 2011 and August 2012 and 4) offshore USD600 million 8.75% senior notes due 2020 issued in January 2013. Net debt to total equity ratio was at 111%. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB19.3 billion (2012: RMB23.2 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

DEBT PROFILE

	Due within						
	Total	1 year	2 years (RMB million)	3-5 years	Over 5 years	Interest	
Long-term bank borrowings	28,587	5,906	7,332	11,733	3,616	Floating	RMB24,063M secured
Corporate bonds	5,499	5,499	–	–	–	Fixed	
Senior notes	8,522	2,606	–	2,308	3,608	Fixed	
Other borrowings	16,143	1,491	11,558	3,094	–	Floating	RMB15,144M secured
Finance lease liabilities	147	43	44	60	–	Floating	RMB147M secured
Short-term bank borrowings	2,550	2,550	–	–	–	Floating	RMB2,081M secured
	61,448	18,095	18,934	17,195	7,224		

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year accounted for 29% of total debts. Bank borrowings repaid in the year amounted to RMB8.71 billion while new bank borrowings of RMB20.62 billion were procured. The effective interest rate of the total bank borrowings at 31 December 2013 was 6.66% (2012: 6.45%). Exchange rate exposure was insignificant as non-RMB borrowings accounted for approximately 11.1% of total borrowings. As for interest rate, RMB bank borrowings were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore and onshore bonds further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

Charge on assets

As at 31 December 2013, assets with total carrying values of RMB29.17 billion were pledged to secure bank loans and other borrowings amounting to RMB41.29 billion (at 31 December 2012: RMB18.72 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and the joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and an associate for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2013, such guarantees totaled RMB19.18 billion, increased by 20% from RMB15.93 billion as at 31 December 2012.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisition or disposal of subsidiaries or associates in the year.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency, and full accountability to shareholders. Throughout the year the Company complied with PRC Company Laws, the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and all other relevant laws and regulations. The Company has proposed certain amendments to the articles of association of the Company which are to be approved by the Shareholders in the forthcoming 2013 annual general meeting. One of the purpose of the proposed amendments is to further enhance the corporate governance of the Group.

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and management.

At 31 December 2013 the Board consisted of nine directors. This number was made up of four executive directors: Mr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and Chief Executive Officer, Mr. Zhou Yaonan, and Mr. Lu Jing; two non-executive directors, Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors, Mr. Dai Feng (resigned on 28 February 2014), Mr. Huang Kaiwen and Mr. Lai Ming Joseph. Biographical details of the directors and their relationships, if any, are set out on pages 53 to 56 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted a reasonable amount of time and effort to the business affairs of the Company. All non-executive and independent non-executive directors possess appropriate academic and professional qualifications and related management experience, and have contributed advice to the Board. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive Directors and independent non-executive directors on issues relating to strategy, performance, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders.

All directors of the Company have access to timely information about the Group's business and are able to make further enquires whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues related to the Group's business at the Company's expense.

Chairman and Chief Executive Officer

The Chairman, Mr. Li Sze Lim, provides leadership and oversees the Board's workings. He ensures that all directors are properly briefed on issues arising at Board meetings, and receive comprehensive, relevant and reliable information in a timely manner. He is also responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board, and that the Board adopts good corporate governance practices.

Mr. Zhang Li, the Co-chairman, is the Chief Executive Officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board. The role of the Chief Executive Officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Company has appointed three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. All independent non-executive directors have confirmed their independence and the Company consider each of them to be independent. On 31 December 2013, the Nomination Committee of the Board has conducted an annual review of the independence of all independent non-executive directors of the Company. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the independent non-executive directors satisfied the Listing Rules requirement of independence.

The Company has maintained on its website and that of The Stock Exchange the list of its directors identifying their roles and functions.

BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	3/4
Zhou Yaonan	4/4
Lu Jing	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Huang Kaiwen	3/4
Dai Feng (resigned on 28 February 2014)	4/4
Lai Ming Joseph	4/4

During these meetings, the directors discussed matters relating to business policies and strategies, corporate governance, and financial and internal control systems. They reviewed the interim and final business results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company ("Articles of Association"), directors participating by electronic means are deemed to have physically attended the board meeting.

According to the Articles of Association, notice for Board meetings are given to all directors at least 10 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like discussed in the agenda.

The company secretary assists the Chairman in preparing the agenda for the Board and Board Committees' meeting, to ensures that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all relevant directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involve a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues.

BOARD COMMITTEES

The Company currently maintains three board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The Board's committees adopt the practices used in the full Board meetings.

Audit Committee

The audit committee was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The committee reports to the Board and has held regular meetings to review and make recommendations for improving the Group's financial reporting processes and its internal controls. The committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Dai Feng (resigned on 28 February 2014) and Mr. Lai Ming Joseph. The chairman of the committee is Mr. Lai Ming Joseph, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. It is also responsible for preparing financial statements of accounts that give a true and fair view of the Company's finances. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; make recommendations to the Board on appointing or removing external auditors; and consider their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the selection and appointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2013 and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

The attendance records of the committee members are set out as below:

Committee members	Meetings attended/Total
Lai Ming Joseph	2/2
Dai Feng (resigned on 28 February 2014)	2/2
Li Helen	2/2

Remuneration Committee

The remuneration committee was established with written terms of reference. The committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Dai Feng (resigned on 28 February 2014) and Mr. Huang Kaiwen. Mr. Dai Feng was chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board policy on remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The committee determines the remuneration packages of executive directors and members of senior management. The remuneration of executive directors is linked to the Company's business performance and profitability in the context of current market conditions. Individual directors and senior management are not involved in determining their own levels of remuneration.

During the year the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, the terms of service contracts and the performance of executive directors and senior managers. It reported that the compensation payable to each director and senior manager was in accordance with contractual terms, and that such compensation was fair and not excessive.

The attendance records of the committee members are set out below:

Committee members	Meetings attended/Total
Dai Feng (resigned on 28 February 2014)	1/1
Li Sze Lim	1/1
Huang Kaiwen	1/1

Details of emoluments paid to the directors for the year are set out in the notes to the financial statement on page 140.

Nomination Committee

The nomination committee has been established on 20 March 2012 with written terms of reference. The committee comprised three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Dai Feng (resigned on 28 February 2014) and Mr. Lai Ming Joseph. Mr. Li Sze Lim is chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implements the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board, identify and nominate candidates to fill causal vacancies of directors, review the time required from directors to perform their duties and make recommendation to the Board in respect of succession planning. The full terms of reference of the nomination committee are available on the Company's website and the Stock Exchange.

During the year the nomination committee held one meeting, the attendance records of the committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Dai Feng (resigned on 28 February 2014)	1/1
Lai Ming Joseph	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board of Directors of the Company and considered the retirement and re-appointment of the Directors in the Company's forthcoming annual general meeting.

As a result of Mr. Dai Feng's resignation on 28 February 2014 and a new independent non-executive director has not yet been appointed:

1. the number of independent non-executive directors of the Company has fallen below the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules;
2. the number of audit committee members has fallen below the minimum number required under Rule 3.21 of the Listing Rules;

3. the remuneration committee is not comprised by a majority of independent non-executive directors and chaired by an independent non-executive director as required under Rule 3.25 of the Listing Rules; and
4. the number of independent non-executive directors of the Company does not represent at least one-third of the Board as required by Rule 3.10A of the Listing Rules.

The Company will appoint a new independent non-executive director as soon as possible and upon such appointment, other appointments will be made to the audit committee and the remuneration committee in compliance with the requirement of the Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;
(b) reviewed and monitored the training and continuous professional development of directors and senior management;
(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
(d) reviewed and monitored the code of conduct applicable to employees and directors; and
(e) reviewed the Company's compliance with the code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statues, laws, rules and regulations.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary provides the directors with updates on latest changes and development in the Listing Rules, corporate governance practices and others relevant legal and regulatory requirements from time to time.

During the year, directors are provided with updates on the Company's performance and in-house training had been arranged. A summary of training of Directors is as follow:

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics	Attending corporate events or visits
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Huang Kaiwen	√	√
Dai Feng (resigned on 28 February 2014)	√	√
Lai Ming Joseph	√	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Mr. Zheng Ercheng and Ms. Liang Yingmei, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

RE-ELECTION OF SUPERVISORS AND DIRECTORS

All directors have entered into a service contract with the Company for a specific term of three years. All are subject once every three years to retirement from office by rotation and re-election at the annual general meeting, in accordance with the Articles of Association.

The non-executive directors, Ms. Li Helen and two independent non-executive directors, namely Mr. Huang Kaiwen and Mr. Lai Ming Joseph, will retire and offer themselves for re-election at the forthcoming 2013 annual general meeting.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code"), laid out in Appendix 10 to the Listing Rules, as the code of conduct for directors in any dealings in the Company's securities. The Company has made specific enquiries of each director, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2013.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers is the Company's external auditor. During the year the firm was not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditors of the Group until the date of the next annual general meeting, pending approval by shareholders at the forthcoming 2013 annual general meeting. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB5.4 million and RMB1.2 million respectively.

INTERNAL CONTROLS

The Board is responsible for maintaining a system of effective internal controls to protect the Group's assets and its shareholders' interests. The Company's internal controls are embedded within its various operational departments. The Group's system of internal controls includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement and monitor the strategies and policies adopted by the Board. Each department has a responsibility to effectively use Company resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up a Monitoring Department to assist it to closely monitor the implementation of the Company's internal controls and risk management systems on an on-going basis and assessing their effectiveness. The Monitoring Department has not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board also takes an active role overseeing the Group's informatization process including the continuous improvement of various systems including enterprise resources planning, office automation, business process management, business intelligence and customer relationship management. Based on a strong foundation of highly effective control over key corporate resources such as capital and land, the Group currently focuses on further enhancing the operational control of other important resources (e.g. materials, manpower, customers and suppliers) and the further development of business process flow management and control platform for the control of project progress, costs, sales and finance. Through these efforts, management will be provided with timely, accurate, comprehensive and valuable data for decision making and enhancing the overall control environment of the Group.

The Board believes that the existing system of internal controls is adequate.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, the Company Secretary has confirmed that he has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the annual general meeting are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the annual general meeting, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 45 days prior to the date of the meeting.

Vote of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the inception of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of the Company, a special general meeting and class meeting can be convened on the requisition of any two or more members holding in aggregate ten percent or more of such of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

INVESTOR RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. The corporate website is another channel through which the Company provides up-to-date information.

The annual general meeting also serves as an important channel of communication between directors and shareholders. The chairman personally chairs the annual general meeting to ensure shareholders' views are communicated to the Board. During the annual general meeting, the chairman of the Board and its committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Company takes every precaution in its handling of price-sensitive information. The Company has implement a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of insider information and above all, to ensure compliance of the Securities and Future Ordinance in relation to the disclosure of inside information.

CONSTITUTIONAL DOCUMENTS

There was no change during the year.

The Directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's turnover and total assets during the financial year, by business segment, is set out in note 5 to the financial statements.

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

A list of principal subsidiaries, associates and joint ventures, together with their places of operation and incorporation, their issued capital and registered capital, is set out in notes 10, 11 and 12 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2013 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 59 to 152 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 153 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2013 of RMB0.12 per share, or a Hong Kong dollar equivalent of HK$0.150837 per share.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has proposed a final dividend for 2013 at RMB0.5 per share. The proposed final dividend, if approved by the shareholders at the annual general meeting ("AGM") to be held on Thursday, 29 May 2014, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on Friday, 13 June 2014. The proposed final dividend has not been reflected in the financial statements as at 31 December 2013.

According to the Articles of Association of the Company, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollars. The exchange rate to be adopted shall be the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China. Dividends on H shares are also subject to withholding of PRC Enterprise Income Tax.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 29 April 2014 to Thursday, 29 May 2014, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 28 April 2014.

Upon obtaining approval of the shareholders at the AGM, the final dividends will be payable to shareholders whose names appear on the H Share register of members of the Company as at the close of business on Friday, 13 June 2014. The payment date of the final dividend will be further announced. The H Share register of members of the Company will be closed from Monday, 9 June 2014 to Friday, 13 June 2014, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 6 June 2014.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The following three agreements include a condition imposing specific performance obligations on Mr. Li Sze Lim ("Mr. Li"), a controlling shareholder of the Company who is interested in approximately 33.36% of the issued share capital of the Company as at 31 December 2013:

1. An agreement for a bank borrowing of HK$1.4 billion dated 29 June 2011 entered into by Hines Shanghai New Jiangwan Development Co. Ltd., a joint venture in which the Group owns 50% interests. This borrowing will be fully repaid in June 2014;

2. An agreement for a bank borrowing of RMB1.0 billion dated 21 May 2013 entered into by Tianjin Jinnan Xincheng Real Estate Development Co., Ltd.(天津津南新城房地產開發有限公司), owned as to 25% by the Group. This borrowing will be fully repaid in May 2016; and

3. An agreement for a bank borrowing of HK$2.7 billion dated 10 October 2013 entered into by Charm Talent Limited, owned as to 25% by the Group. This borrowing will be fully repaid in October 2016.

For each of the above borrowings, it will be an event of default in the event that Mr. Li ceases to hold directly or indirectly an aggregate beneficial ownership of not less than 30% in the shares of and interests in the Company and in such event (amongst other things), the agreements may be terminated by the lenders and the borrowings may become immediately due and repayable.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB16.72 million (2012: RMB33.02 million).

PROPERTY, PLANT AND EQUIPMENT

The detailed changes in property, plant and equipment of the Group for the year are set out in note 7 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2013 are set out in note 26 to the financial statements.

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB1,864 million (2012: approximately RMB1,270 million).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2013 are set out on pages 154 to 162 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2013 are set out in note 22 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2013, the Company's distributable reserves were approximately RMB2.847 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2013 are set out in the consolidated statement of changes in equity on page 63 of this annual report.

DIRECTORS AND SUPERVISORS

The Directors of the Company during the year were:

Executive Directors
Mr. Li Sze Lim
Mr. Zhang Li
Mr. Zhou Yaonan
Mr. Lu Jing

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Huang Kaiwen
Mr. Dai Feng (resigned on 28 February 2014)
Mr. Lai Ming Joseph

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei
Mr. Zheng Ercheng

In accordance with Article 92 of the Articles of Association, the Non-executive Directors, Ms. Li Helen and two Independent Non-executive Directors, namely Mr. Huang Kaiwen and Mr. Lai Ming Joseph, retire by rotation in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the Directors or Supervisors has entered into any service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director or a Supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year the following Directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group, (other than those businesses where the Directors were appointed as Director of the businesses concerned to represent the interests of the Company/Group):

Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group

Name of Director	Name of Entity	Description of Business	Nature of the interest of the Director in the entity
Mr. Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns an office building in Beijing for rental income	Shareholder
	Huizhou Golden Swan Hotspring Co., Ltd. ("Golden Swan")	Spa Hotel	Shareholder
Mr. Zhang Li	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns an office building in Beijing for rental income	Shareholder
	Huizhou Golden Swan Hotspring Co., Ltd. ("Golden Swan")	Spa Hotel	Shareholder

Mr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli and Golden Swan has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's Directors are of the view that the Company is capable of carrying on its business independently of Fushengli and Golden Swan.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2013, the beneficial interests and short positions of the Directors and Supervisors of the Company and any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under Section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2013 were as follows:

		Number of Shares				
Director/ Supervisor	**Nature of Interest**	**Personal**	**Spouse or child under 18**	**Corporate Interest**	**Total**	**Percentage of the total number of issued shares**
Li Sze Lim	Domestic shares	1,045,092,672				
	H shares		5,000,000	25,000,000	1,075,092,672	33.36%
Zhang Li	Domestic shares	1,005,092,672	20,000,000			
	H shares	6,632,800			1,031,725,472	32.02%
Lu Jing	Domestic shares	35,078,352			35,078,352	1.09%
Zhou Yaonan	Domestic shares	22,922,624			22,922,624	0.71%
Li Helen	H shares	1,003,600			1,003,600	0.03%
Chen Liangnuan	Domestic shares	20,000,000			20,000,000	0.62%

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. (Note 2)	Corporate	N/A	35.0%
Zhang Li	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Beijing Fushengli Investment Consulting Co., Ltd. (Note 2)	Corporate	N/A	35.0%

Note:

1. Guangzhou Tianfu Property Development Co., Ltd. is 15% owned by Century Land Properties Limited, which is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Beijing Fushengli Investment Consulting Co., Ltd. is 70% owned by Well Bright International Limited, which is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2013, so far as the Directors are aware, only the following persons (other than the Directors, Supervisors and Chief Executive Officer of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under division 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note)	Percentage of H shares
JPMorgan Chase & Co.	"H" share	81,343,861 (L) 2,934,400 (S) 35,779,805 (P)	8.01% 0.29% 3.52%
BlackRock, Inc.	"H" share	67,032,176 (L) 290,000 (S)	6.60% 0.02%
Prudential plc	"H" share	60,198,800 (L)	5.92%
Commonwealth Bank of Australia	"H" share	53,233,212 (L) 5,067,768 (S)	5.24% 0.49%
Lehman Brothers Holdings Inc.	"H" share	51,049,240 (L) 67,663,183 (S)	5.03% 6.66%
European Investors Holding Company, Inc.	"H" share	50,908,700 (L)	5.01%
Lange Christian	"H" share	50,908,700 (L)	5.01%

Note: The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

SHARE AWARD SCHEME

The Share Award Scheme adopted by the Board on 23 August 2011 was terminated on 25 November 2013.

As at the date of termination, the total number of Shares held under the Share Award Scheme by the trustee were 28,650,800 Shares. These shares will be disposed of by the trustee and the proceeds returned to the Company. No Shares have been granted to any employees under the Share Award Scheme.

PRE-EMPTIVE RIGHTS

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2013, the Group entered into transactions with related parties as disclosed in note 42 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 of the Listing Rules:

1. Purchase of restaurant services from Huizhou Golden Swan Hotspring Co., Ltd.;

2. Lease of property and provision of property management services to 廣州金貝殼投資有限公司;

3. Purchase of environment drinking water system from Guangzhou Canton-Rich Environment Inc.; and

4. Lease of an aircraft under operating lease from Power Ease Investments Limited.

Save for the above exempted connected transactions, there were no other connected transactions in the year.

POST BALANCE SHEET EVENTS

Save for disclosed in note 43 to the financial statement, there were no other significant post balance sheet events.

MANAGEMENT CONTRACTS

No contract for the management and administration of the Group was entered into or was subsisting during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next annual general meeting.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
20 March 2014

Report of the Supervisory Committee

Dear Shareholders,

During 2013, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently to protect the interests of shareholders, in accordance with PRC Company Law and the Company's Articles of Association.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected from amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zheng Ercheng, both Independent Supervisors representing shareholders' interests. A member of the Committee attended the meeting of the Board of Directors at which the Company's final 2013 results were approved, and one will also attend the upcoming 2013 annual general meeting.

Throughout the year, members of the Committee monitored the performance of the Company's Directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the Directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2013, prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the Directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2013 annual general meeting. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2013, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
20 March 2014

EXECUTIVE DIRECTORS

Li Sze Lim（李思廉）, JP, aged 57, is the Chairman of the Company

Mr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was a merchant when starting his career in the real estate business in 1993. In August 1994, Mr. Li Sze Lim and Mr. Zhang Li together founded Guangzhou R&F Properties Co., Ltd. He now holds the position of Executive Director and Chairman of the Company. He is also responsible for supervising the sales and financial backbone of the Company. Mr. Li is the Chairman of the Council of Guangdong Chamber of Real Estate, the President of China Real Estate Developers and Investors Association ("CREDIA"), the Vice President of New Home Association (a charitable organisation in Hong Kong) and a part-time professor of Jinan University. Mr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company.

Mr. Li did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a controlling shareholder of the Company. Save as disclosed, Mr. Li does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 1,045,092,672 domestic shares, 5,000,000 H shares and a corporate interest of 25,000,000 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Li and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Li will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Zhang Li（張力）aged 61, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang started his career in the construction and renovation business. Prior to joining the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Mr. Li Sze Lim, founded Guangzhou R&F Properties Co., Ltd. He now holds the positions of Executive Director, Co-chairman and Chief Executive Officer of the Company. Mr. Zhang is responsible for land acquisition, engineering, construction, cost control and managing daily operations. Mr. Zhang is also an executive director and chairman of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed in Hong Kong. Mr. Zhang is a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference, the Chairman of China Real Estate Chamber of Commerce and, a director and a part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company.

Saved as disclosed, Mr. Zhang did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a controlling shareholder of the Company. Save as disclosed, Mr. Zhang does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 1,025,092,672 domestic shares and 6,632,800 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Zhang and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Zhang will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Zhou Yaonan（周耀南）aged 60, is an Executive Director of the Company and General Manager

Mr. Zhou is primarily responsible for coordinating and monitoring the construction and development of property projects and project management. He was appointed as a Deputy General Manager when he joined the Group in October 1995 and was made General Manager in 2005. He was elected as an Executive Director of the Board in October 2001 and acted as a Deputy Vice President in 2008. He is currently the executive director and Deputy Vice President of the Company. Prior to joining the Group, he held various teaching and administrative positions with a number of middle schools in Guangzhou from 1970 to 1990, after graduating from South China Normal University with a bachelor's degree.

Mr. Zhou did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a shareholder of the Company. Mr. Zhou does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 22,922,624 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Zhou and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Zhou will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

Lu Jing（呂勁）aged 54, is an Executive Director of the Company and Deputy General Manager

Mr. Lu has been with the Company since the formation of Tianli Properties Development Co., Ltd. in August 1994, and has been serving as Deputy General Manager since then. He was elected as Executive Director of the Board in October 2001. He was the General Manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., the Vice Chairman of Shanghai R&F Properties Development Co., Ltd., both subsidiaries of the Company, and was responsible for the Company's development projects in Beijing and Eastern China. He is currently the executive director and Deputy General Manager of the Company. He graduated from the Guangdong University of Mining in 1982 with a bachelor's degree in industrial automation. He has also been awarded an EMBA degree from Peking University. Prior to joining the Company, Mr. Lu was deputy manager of a pharmaceutical factory in Guangzhou.

Mr. Lu did not hold any directorship in any other listed public company within the last three years. He is a director of Guangzhou R&F Properties Co., Ltd. and a shareholder of the Company. Mr. Lu does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest of 35,078,352 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Mr. Lu and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Lu will be determined by the Board with reference to job responsibilities and the Group's performance and profitability.

NON-EXECUTIVE DIRECTORS

Zhang Lin（張琳）aged 65

Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor from 1993 to 2003, teaching electrical and electronic engineering technology. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang's is also an non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed in Hong Kong. There is a service contract signed between the Company and Ms. Zhang and she will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Ms. Zhang will be determined by the Board.

Li Helen（李海倫）aged 63

Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the Managing Director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Mr. Li Sze Lim.

Ms. Li did not hold any directorship in any other listed public company within the last three years. She has a personal interest of 1,003,600 H shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is a service contract signed between the Company and Ms. Li and she will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Ms. Li will be determined by the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Huang Kaiwen（黃開文）aged 80

Mr. Huang held senior administrative positions with various schools and colleges from 1963 to 1979. From 1979 to 1996, he was a division chief, deputy director general and director general of the Guangzhou Bureau of Land Resources and Housing Administration. Mr. Huang became one of the Company's independent Non-executive Directors in May 2005.

Mr. Huang did not hold any directorship in any other listed public company within the last three years. There is a service contract signed between the Company and Mr. Huang and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Huang will be determined by the Board.

Dai Feng（戴逢）aged 72 (resigned on 28 February 2014)

Mr. Dai has over 40 years of experience in urban planning and administration, specializing in urban planning, design and related information technology. Currently, he is a member of the Expert Committee of Ministry of Urban Planning of China. Since 2000, he has been a part-time professor at a number of universities and was a consultant to the China Association of City Planning, an association which studies issues concerning the reform of urban planning in China and assists the government in the drafting of development plans. He is also a fellow of the Euroasian Academy of Sciences. Since 1985, he has won various prizes in urban planning and the application of advanced technology. His achievements in applying advanced technology in urban planning have been recognized by China's Ministry of Construction. Mr. Dai became an independent Non-executive Director of the Company in May 2005 and has been Chairman of the Remuneration Committee since 20 March 2012.

Mr. Dai is an independent non-executive director of Kinetic Mines and Energy Limited and KWG Property Holdings Limited, both listed on the Stock Exchange of Hong Kong Limited. There is a service contract signed between the Company and Mr. Dai and he will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The emolument payable to Mr. Dai will be determined by the Board.

Lai Ming, Joseph（黎明）aged 69

Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”), CPA Australia, the Chartered Institute of Management Accountants (“CIMA”) and the HK Institute of Directors. He co-founded the Hong Kong Centre of CIMA and was its president from 1974 to 1975 and from 1979 to 1980. He was the president of the HKICPA in 1986. Mr. Lai became an independent non-executive director of the Company in May 2005 and has been Chairman of the Audit Committee since then.

Until his retirement in 2004, Mr. Lai served several Hong Kong listed companies in key management positions with particular emphasis on corporate finance and organization and management information. He is an independent non-executive director of Jolimark Holdings Ltd., Shinhint Acoustic Link Holdings Limited and Country Garden Holdings Company Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of Nan Fung Group Holdings Limited.

SUPERVISORS

Mr. Chen Liangnuan（陳量暖）aged 64

Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. (“Tianli”) in 1996 as its general manager and assumed in 2003 the additional position of managing Director which he currently holds. Tianli is presently a wholly-owned subsidiary of the Company. Mr. Chen is also the managing Director of Foshan Metalwork Co., Ltd. (佛山力尊金屬制品有限公司) and Guangzhou Tianyin Landscape Engineering Co., Ltd. (廣州天盈園林工程有限公司), both wholly-owned subsidiary of the Company and a Director of Beijing Fushengli Investment Consulting Co., Ltd. (北京富盛利房地產經紀有限公司), an associated company of the Company.

Mr. Chen did not hold any directorship in any other listed public company within the last three years. He has a personal interest of 20,000,000 domestic shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Liang Yingmei（梁英梅）aged 73

Ms. Liang has over 40 years of experience in the construction industry. She has been the chairman of the Association of the Construction Materials Industry of Guangzhou since 2000. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang received a bachelor’s degree in chemistry from the South China University of Technology in 1964. She was appointed as a Supervisor of the Company in June 2004 to act as a representative of the Company’s shareholders.

Zheng Ercheng（鄭爾城）aged 56

Mr. Zheng has extensive experience in the China banking industry and financial sector. He was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. He became a Supervisor of the Company in June 2004, to act as a representative of the Company’s shareholders.

羅兵咸永道

To the shareholders of Guangzhou R&F Properties Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 59 to 152, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2014

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2013	2012
ASSETS			
Non-current assets			
Land use rights	6	**1,098,345**	850,398
Property, plant and equipment	7	**6,566,671**	5,489,200
Investment properties	8	**15,888,187**	13,347,220
Intangible assets	9	**897,836**	897,797
Interests in joint ventures	11	**4,258,931**	3,795,093
Interests in associates	12	**122,600**	179,843
Deferred income tax assets	28	**3,217,888**	2,696,531
Available-for-sale financial assets	13	**281,400**	224,000
Trade and other receivables and prepayments	17	**1,450,024**	1,624,219
		33,781,882	29,104,301
Current assets			
Properties under development	14	**56,111,099**	39,427,395
Completed properties held for sale	15	**10,992,876**	7,964,288
Inventories	16	**297,920**	305,812
Trade and other receivables and prepayments	17	**13,162,768**	7,609,054
Tax prepayments	27	**1,656,242**	1,314,646
Restricted cash	18	**6,622,173**	5,835,622
Cash	19	**17,722,162**	7,026,092
		106,565,240	69,482,909
Total assets		**140,347,122**	98,587,210
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	**805,592**	805,592
Other reserves	22	**4,344,253**	4,351,603
Shares held for Share Award Scheme	23	**(172,563)**	(167,364)
Retained earnings			
– Proposed final dividend	37	**1,596,859**	1,597,184
– Others		**25,532,695**	19,878,940
		32,106,836	26,465,955
Perpetual capital instrument	24	**1,000,000**	–
Non-controlling interests		**375,207**	363,919
Total equity		**33,482,043**	26,829,874
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**43,352,514**	28,419,956
Accruals and other payables	25	**596,257**	–
Deferred income tax liabilities	28	**3,589,702**	2,780,705
		47,538,473	31,200,661
Current liabilities			
Accruals and other payables	25	**17,781,734**	12,679,479
Deposits received on sale of properties		**13,777,892**	13,165,205
Current income tax liabilities	29	**9,671,667**	7,499,685
Short-term borrowings	26	**2,549,535**	1,432,052
Current portion of long-term borrowings	26	**15,545,778**	5,780,254
		59,326,606	40,556,675
Total liabilities		**106,865,079**	71,757,336
Total equity and liabilities		**140,347,122**	98,587,210
Net current assets		**47,238,634**	28,926,234
Total assets less current liabilities		**81,020,516**	58,030,535

Li Sze Lim
Director

Zhang Li
Director

The notes on pages 65 to 152 are an integral part of these consolidated financial statements.

BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2013	2012
ASSETS			
Non-current assets			
Land use rights	6	**97,851**	94,213
Property, plant and equipment	7	**964,095**	921,354
Investment properties	8	**174,604**	169,021
Intangible assets	9	**28,901**	22,932
Investments in subsidiaries	10	**16,666,282**	15,510,319
Interests in joint ventures	11	**912,840**	586,540
Interests in associates	12	**140,335**	138,466
Deferred income tax assets	28	**183,918**	160,735
Available-for-sale financial assets	13	**228,900**	224,000
Trade and other receivables and prepayments	17	**384,188**	322,090
		19,781,914	18,149,670
Current assets			
Properties under development	14	**4,925,419**	3,154,553
Completed properties held for sale	15	**1,340,489**	1,212,478
Trade and other receivables and prepayments	17	**12,306,209**	6,823,638
Tax prepayments	27	**16,563**	44,615
Restricted cash	18	**1,448,339**	1,199,586
Cash	19	**3,087,307**	335,362
		23,124,326	12,770,232
Total assets		**42,906,240**	30,919,902
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	**805,592**	805,592
Other reserves	22	**4,344,253**	4,351,603
Shares held for Share Award Scheme	23	**(172,563)**	(167,364)
Retained earnings			
– Proposed final dividend	37	**1,596,859**	1,597,184
– Others		**1,250,118**	883,541
Total equity		**7,824,259**	7,470,556
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**6,976,270**	8,212,684
Accruals and other payables	25	**596,257**	–
Deferred income tax liabilities	28	**114,115**	97,738
		7,686,642	8,310,422
Current liabilities			
Accruals and other payables	25	**19,480,974**	12,339,693
Deposits received on sale of properties		**91,682**	454,225
Current income tax liabilities	29	**643,750**	721,006
Current portion of long-term borrowings	26	**7,178,933**	1,624,000
		27,395,339	15,138,924
Total liabilities		**35,081,981**	23,449,346
Total equity and liabilities		**42,906,240**	30,919,902
Net current liabilities		**(4,271,013)**	(2,368,692)
Total assets less current liabilities		**15,510,901**	15,780,978

Li Sze Lim
Director

Zhang Li
Director

The notes on pages 65 to 152 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2013	2012
Revenue	5	**36,271,284**	30,365,056
Cost of sales	31	**(22,036,298)**	(17,986,776)
Gross profit		**14,234,986**	12,378,280
Other gains – net	30	**2,644,420**	825,859
Selling and marketing costs	31	**(626,089)**	(454,006)
Administrative expenses	31	**(1,838,631)**	(1,522,400)
Other income		**84,533**	–
Operating profit		**14,499,219**	11,227,733
Finance costs	33	**(1,933,742)**	(1,501,609)
Share of results of joint ventures		**357,253**	402,974
Share of results of associates		**(50,901)**	(87,333)
Profit before income tax		**12,871,829**	10,041,765
Income tax expenses	34	**(5,226,181)**	(4,382,415)
Profit for the year		**7,645,648**	5,659,350
Profit attributable to:			
– Owners of the Company		**7,633,860**	5,501,979
– Non-controlling interests		**11,788**	157,371
		7,645,648	5,659,350
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	36	**2.3900**	1.7224

The notes on pages 65 to 152 are an integral part of these consolidated financial statements.

		Year ended 31 December 2013	2012
Dividends	37	**1,980,105**	1,916,621

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2013**	2012
Profit for the year		**7,645,648**	5,659,350
Other comprehensive income			
Item that may be reclassified to profit or loss			
Fair value (loss)/gain on available-for-sale financial assets, net of tax	22	**(7,350)**	35,175
Other comprehensive income for the year, net of tax		**(7,350)**	35,175
Total comprehensive income for the year		**7,638,298**	5,694,525
Total comprehensive income attributable to:			
– Owners of the Company		**7,626,510**	5,537,154
– Non-controlling interests		**11,788**	157,371
		7,638,298	5,694,525

The notes on pages 65 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instrument	Non-controlling interests	Total equity
Balance at 1 January 2012	805,592	(165,924)	4,316,428	17,569,730	22,525,826	–	206,548	22,732,374
Comprehensive income								
Profit for the year	–	–	–	5,501,979	5,501,979	–	157,371	5,659,350
Other comprehensive income								
Fair value gain on available-for-sale financial assets, net of tax	–	–	35,175	–	35,175	–	–	35,175
Total other comprehensive income	–	–	35,175	–	35,175	–	–	35,175
Total comprehensive income	–	–	35,175	5,501,979	5,537,154	–	157,371	5,694,525
Transactions with owners								
Dividends relating to 2011 final and 2012 interim	–	–	–	(1,595,585)	(1,595,585)	–	–	(1,595,585)
Shares purchased for Share Award Scheme	–	(1,440)	–	–	(1,440)	–	–	(1,440)
Total transactions with owners	–	(1,440)	–	(1,595,585)	(1,597,025)	–	–	(1,597,025)
Balance at 31 December 2012	805,592	(167,364)	4,351,603	21,476,124	26,465,955	–	363,919	26,829,874
Balance at 1 January 2013	**805,592**	**(167,364)**	**4,351,603**	**21,476,124**	**26,465,955**	**–**	**363,919**	**26,829,874**
Comprehensive income								
Profit for the year	**–**	**–**	**–**	**7,633,860**	**7,633,860**	**–**	**11,788**	**7,645,648**
Other comprehensive income								
Fair value loss on available-for-sale financial assets, net of tax	**–**	**–**	**(7,350)**	**–**	**(7,350)**	**–**	**–**	**(7,350)**
Total other comprehensive income	**–**	**–**	**(7,350)**	**–**	**(7,350)**	**–**	**–**	**(7,350)**
Total comprehensive income	**–**	**–**	**(7,350)**	**7,633,860**	**7,626,510**	**–**	**11,788**	**7,638,298**
Transactions with owners								
Disposal of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(500)**	**(500)**
Dividends relating to 2012 final and 2013 interim	**–**	**–**	**–**	**(1,980,430)**	**(1,980,430)**	**–**	**–**	**(1,980,430)**
Shares purchased for Share Award Scheme	**–**	**(5,199)**	**–**	**–**	**(5,199)**	**–**	**–**	**(5,199)**
Issue of perpetual capital instrument (Note 24)	**–**	**–**	**–**	**–**	**–**	**1,000,000**	**–**	**1,000,000**
Total transactions with owners	**–**	**(5,199)**	**–**	**(1,980,430)**	**(1,985,629)**	**1,000,000**	**(500)**	**(986,129)**
Balance at 31 December 2013	**805,592**	**(172,563)**	**4,344,253**	**27,129,554**	**32,106,836**	**1,000,000**	**375,207**	**33,482,043**

The notes on pages 65 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2013	2012
Cash flows from operating activities			
Cash (used in)/generated from operations	38	**(4,892,238)**	2,936,786
Interest paid		**(3,915,885)**	(2,197,435)
Enterprise income tax and land appreciation tax paid		**(3,054,324)**	(3,203,460)
Net cash used in operating activities		**(11,862,447)**	(2,464,109)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(846,498)**	(778,713)
Purchases of intangible assets		**(42,402)**	(80,091)
Additions of investment properties		**(105,341)**	–
Proceeds on disposal of property, plant and equipment	38	**5,957**	436
Proceeds on disposal of investment properties	38	**983**	–
Purchases of available-for-sale financial assets		**(44,700)**	–
Proceeds on disposal of interests in a joint venture		**–**	500
Investments in joint ventures		**(330,311)**	(13,385)
Cash repayments from joint ventures and associates		**306,512**	238,382
Dividend received on available-for-sale financial assets		**2,595**	2,100
Dividend received from an associate		**7,021**	–
Decrease in time deposits		**–**	1,300,000
Interest received		**151,684**	148,183
Net cash (used in)/generated from investing activities		**(894,500)**	817,412
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**38,910,926**	14,305,010
Repayments of borrowings		**(13,459,231)**	(7,312,437)
Repayments of finance lease liabilities		**(50,222)**	(37,667)
Increase in guarantee deposits for borrowings		**(866,591)**	(1,447,524)
Issuance of perpetual capital instrument		**1,000,000**	–
Purchases of shares for Share Award Scheme		**(5,199)**	(1,440)
Dividends paid to owners of the Company		**(1,983,185)**	(1,659,396)
Net cash generated from financing activities		**23,546,498**	3,846,546
Net increase in cash		**10,789,551**	2,199,849
Exchange losses on cash		**(93,481)**	–
Cash at beginning of year		**7,026,092**	4,826,243
Cash at end of year	19	**17,722,162**	7,026,092

The notes on pages 65 to 152 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related service in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These financial statements are presented in RMB Yuan thousands (RMB'000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 20 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties which are carried at fair value.

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

(a) New and amended standards adopted by the Group

The following new and amended standards and annual improvements have been adopted by the Group for the first time for the financial year beginning on 1 January 2013.

- HKAS 1 (Amendment), "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- HKFRS 7 (Amendment), "Financial instruments: Disclosures". The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group (Continued)

- HKFRS 10, "Consolidated financial statements". The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. The standard defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- HKAS 27 (revised 2011), "Separate financial statements". The revised standard includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

- HKFRS 11, "Joint arrangements". The new standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- HKAS 28 (revised 2011), "Associates and joint ventures". The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

- HKFRS 12, "Disclosure of interests in other entities". The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

- HKFRS 13, "Fair value measurements". The new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

- Annual improvements 2011. These annual improvements include changes to:

    - HKFRS 1, "First time adoption"
    - HKAS 1, "Financial statement presentation"
    - HKAS 16, "Property plant and equipment"
    - HKAS 32, "Financial instruments: Presentation"
    - HKAS 34, "Interim financial reporting"

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group (Continued)

- Annual improvement 2012-Amendment to HKFRS 13, "Fair value measurements". The amendment is a clarification that there is no change in measurement requirements for short-term receivables and payable when the effect of not discounting is immaterial.

The adoption of new and amended standards and annual improvements has no material impact on the Group's financial statements except for disclosure.

(b) New and amended standards, interpretations to existing standards and annual improvement effective for the financial year beginning on 1 January 2013 but not currently relevant to the Group

- HKFRS 1 (Amendment), "First time adoption" on government loans.
- HKAS 19 (Amendment), "Employee benefits".
- HK(IFRIC)-Int 20, "Stripping costs in the production phase of a surface mine".
- Annual improvement 2013-Amendment to HKFRS1,"First time adoption".

(c) New and amended standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods commencing after 1 January 2013, and have not been applied in preparing the Group's financial statements.

- HKAS 32 (Amendment), "Financial instruments: Presentation" on asset and liability offsetting. These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after 1 January 2014.
- Amendments to HKFRS 10, 12 and HKAS 27, "Consolidation for investment entities". These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The amendments are effective for annual periods beginning on or after 1 January 2014.
- HKAS 36 (Amendment), "Impairment of assets" on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after 1 January 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards not yet adopted (Continued)

- HKAS 39 (Amendment), “Financial Instruments: Recognition and Measurement”-‘Novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment is effective for annual periods beginning on or after 1 January 2014.

- HK (IFRIC)-Int 21 “Levies”. This is an interpretation of HKAS 37, “Provisions, contingent liabilities and contingent assets”. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is effective for annual periods beginning on or after 1 January 2014.

- HKAS 19 (Amendment) regarding defined benefit plans. This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The amendment is effective for annual periods beginning on or after 1 July 2014.

- Annual improvements 2012. These amendments include changes from the 2010-2012 cycle of the annual improvements project:

  - HKFRS2, “Share-based payment”
  - HKFRS3, “Business combinations” and consequential amendments to HKFRS9, “Financial instruments”,
  - HKAS37, “Provisions, contingent liabilities and contingent assets”, and HKAS39, “Financial instruments – Recognition and measurement”
  - HKFRS8, “Operating segments”
  - HKAS16, “Property, plant and equipment” and HKAS38, “Intangible assets”
  - HKAS 24, “Related Party Disclosures”

The annual improvements are effective for annual periods beginning on or after 1 July 2014.

- Annual improvements 2013. The amendments include changes from the 2011-2013 cycle of the annual improvements project that affect following standards:

  - HKFRS3, “Business combinations”
  - HKFRS13, “Fair value measurement”
  - HKAS40, “Investment property”

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards not yet adopted (Continued)

The annual improvements are effective for annual periods beginning on or after 1 July 2014.

- HKFRS 14 "Regulatory Deferral Accounts". The standard describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with this standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services. The standard is effective for annual periods beginning on or after 1 January 2016.

- HKFRS 9 "Financial Instruments". HKFRS 9 is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. The mandatory effective date of HKFRS 9 is left open pending the finalisation of the impairment and classification and measurement requirements.

The Group is in the process of making an assessment on the impact of these new/amended standards, interpretations and annual improvements and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(a) Business combinations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(c) Disposal of subsidiaries

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

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

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

2.3 Joint arrangement

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance costs". All other foreign exchange gains and losses are presented in the income statement within "other gains – net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment

Buildings comprise mainly office premises and hotel buildings. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

– Buildings	20-30 years
– Furniture, fixtures and equipment	5 years
– Motor vehicles	6-15 years
– Machinery	5-10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the income statement.

2.8 Assets under construction

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

2.9 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "other gains – net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable assets, net of the fair value of liabilities and any contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal (Note 2.11). Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Construction licence

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and carried at cost less accumulated impairment losses (Note 2.11).

(c) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

2.11 Impairment of non-financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets

2.12.1 Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables and prepayments" and "cash and restricted cash" in the balance sheet (Notes 2.21 and 2.22).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of "other gains – net" when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Financial liabilities and equity instruments

Financial liabilities 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 entered into and the definitions of a financial liability and an equity instrument.

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received. Discretionary interest declared by the Group to the holders of perpetual capital instrument is treated as dividend.

2.14 Offsetting financial instruments

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

2.15 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Impairment of financial assets (Continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.16 Land use rights

All land in the PRC is state-owned and no individual ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for self-use are stated at cost and amortised over the use terms of 40 to 70 years using straight-line method. Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value. Land use rights are transferred to properties under development upon commencement of development.

2.17 Properties under development

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

Development cost of property comprises costs of land use rights, construction costs, capitalised finance costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

2.18 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.19 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.21 Trade and other receivables

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

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

2.22 Cash

In the consolidated statement of cash flows, cash includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash in the consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Share capital and Shares held for Share Award Scheme

Ordinary shares are classified as equity.

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

Where the Company's Employee Share Trust purchases H shares from the market, the consideration paid, including any directly attributable incremental costs is presented as Shares held for Share Award Scheme and presented as a deduction against equity attributable to the Company's equity holders.

2.24 Trade payables

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

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

2.25 Borrowings

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

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

2.26 Borrowing costs

General and specific 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Employee benefits

(a) Employee leave entitlements

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

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

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(c) Retirement benefits

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

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

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees" relevant aggregate income and HK$1,250. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

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

2.29 Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Provisions (Continued)

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

2.30 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

Revenue from sale of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of the properties has been completed and the properties have been ready for delivery to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as deposits received on sale of properties under current liabilities.

(b) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided (Note 2.20).

(c) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(d) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(e) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Revenue recognition (Continued)

(f) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(g) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.31 Leases

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

(1) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(2) The Group is the lessor

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

2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.33 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries, joint ventures or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other expenses.

Where guarantees in relation to loans or other payables of subsidiaries, joint ventures or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investments in the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with most of the transactions denominated in RMB, except for certain cash and restricted cash denominated in HK dollars ("HKD"), US dollars ("USD") and Malaysia dollars ("MYR"), certain borrowings denominated in USD, and payables denominated in HKD. The Group has not hedged its foreign exchange rate risk. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rate at 31 December 2013 with all other variables held at constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 1%	**strengthen by 1%**
	impact on post-tax profit for the year	
Denominated in HKD		
Cash	300	(300)
Restricted cash	171	(171)
Accruals and other payables	(4,475)	4,475
Denominated in USD		
Cash	14,990	(14,990)
Restricted cash	2,165	(2,165)
Borrowings	(51,226)	51,226
Denominated in MYR		
Cash	50	(50)

(ii) Price risk

The Group is exposed to equity securities price risk because available-for-sale financial assets held by the Group, which are not publicly traded, would be influenced by market price. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (Continued)

The table below summarises the impact of changes in interest rate at 31 December 2013 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate	
	25 basis points higher	**25 basis points lower**
	Impact on post-tax profit for the year	
Long-term borrowings at variable rates	(41,148)	41,148

(b) Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is aggregate carrying value of cash deposits in banks and trade and other receivables except for prepayments. To manage the exposure, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history and deposits are placed with high-credit-quality banks.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. Management does not expect any losses from non-performance by the banks and financial institutions, as they are of good credit standing. For credit rating of banks and financial institutions, please refer to Note 19. The Group closely monitors repayment progress of customers in accordance with the terms as specified in the enforceable contracts. Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default. As at 31 December 2013, one customer accounted for more than 5% of the Group's trade receivables (31 December 2012: one)

In addition, the Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The Group also provides guarantees to its joint ventures and an associate for their borrowings. Detailed disclosure of such guarantees is made in Note 39.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, disposal of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Group					
At 31 December 2013					
Borrowings (excluding finance lease liabilities (Note (1))	**22,585,534**	**21,897,481**	**20,263,899**	**8,673,464**	**73,420,378**
Finance lease liabilities	**50,222**	**50,222**	**62,779**	**–**	**163,223**
Financial liabilities as included in accruals and other payables	**16,707,975**	**425,036**	**171,221**	**–**	**17,304,232**
Guarantees in respect of borrowings of joint ventures and an associate	**1,301,374**	**844,974**	**883,219**	**–**	**3,029,567**
At 31 December 2012					
Borrowings (excluding finance lease liabilities (Note (1))	9,695,720	16,119,907	11,270,789	5,260,777	42,347,193
Finance lease liabilities	50,222	50,222	113,001	–	213,445
Financial liabilities as included in accruals and other payables	11,749,667	–	–	–	11,749,667
Guarantees in respect of borrowings of joint ventures and an associate	771,222	2,180,893	950,972	–	3,903,087
Company					
At 31 December 2013					
Borrowings (Note (1))	**8,093,909**	**2,377,812**	**5,212,555**	**–**	**15,684,276**
Financial liabilities as included in accruals and other payables	**19,375,155**	**425,036**	**171,221**	**–**	**19,971,412**
Guarantees in respect of borrowings of subsidiaries, joint ventures and an associate	**2,061,637**	**1,354,355**	**1,464,516**	**–**	**4,880,508**
At 31 December 2012					
Borrowings (Note (1))	2,222,301	7,549,088	1,112,758	–	10,884,147
Financial liabilities as included in accruals and other payables	12,227,961	–	–	–	12,227,961
Guarantees in respect of borrowings of subsidiaries, joint ventures and an associate	3,028,734	2,836,928	858,515	–	6,724,177

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Note

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2013 and 2012. Floating-rate interest is estimated using the current interest rate as at 31 December 2013 and 2012 respectively.

(2) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Please refer to Note 39 (a) for details.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and restricted cash.

The gearing ratio is calculated as follows:

	2013	2012
Total borrowings (Note 26)	**61,447,827**	35,632,262
Less: cash and restricted cash	**(24,344,335)**	(12,861,714)
Net debt	**37,103,492**	22,770,548
Total equity	**33,482,043**	26,829,874
Gearing ratio	**110.8%**	84.9%

The increase in the gearing ratio as at 31 December 2013 resulted primarily from the increase of total borrowings to finance the business expansion.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

As at 31 December 2013 and 2012, the Group's financial assets that are measured at fair value are available-for-sale financial assets. See Note 8 for disclosures of the investment properties that are measured at fair value.

	Available-for-sale financial assets	
	2013	2012
Level 2	**–**	224,000
Level 3	**281,400**	–
Total	**281,400**	224,000

In 2013, the Group transferred the available-for-sale financial assets, comprising unquoted equity investments with a carrying amount of RMB224,000,000 as at 31 December 2012 from level 2 into level 3. The valuation is performed based on the market approach by reference to quoted prices of other similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. This is categorised as level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for this unquoted equity investments.

A sensitivity analysis of the Group's major available-for-sale financial assets is disclosed in Note 4.

(a) Financial instruments in level 2

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Financial instruments in level 3

The fair value of the Group's major available-for-sale financial assets was revalued on 31 December 2013 by independent, professionally qualified valuer. The fair value gain on the equity investments was included in "other comprehensive income". The valuation of the equity instruments was derived using the direct comparison approach by reference to comparable instruments that are substantially the same in the market.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the gross margin or the growth rate had been lower than management estimates by 10% or the discount rate had been higher than management estimates by 10% with other variables held at constant, the Group would not have suffered any impairment of goodwill as at 31 December 2013.

(b) Estimated impairment of construction licenses

Useful life of construction licenses is indefinite and therefore, the carrying amount is subject to test annually for impairment, in accordance with the accounting policy in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the royalty rate or growth rate had been lower than management estimates by 10% or the discount rate had been higher than management estimates by 10% with other variables held at constant, the Group would not have suffered any impairment in construction licenses as at 31 December 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Income taxes

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed.

(d) Land appreciation taxes

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

The Group is subject to land appreciation taxes in the PRC which has been included in income tax expenses of the Group. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management’s best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

(e) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 8.

(f) Estimate of fair value of available-for-sale financial assets

The fair value of the Group’s major available-for-sale financial assets that are not quoted in active markets is determined by using valuation techniques. Changes in assumptions about the factors used in the valuation could affect reported fair value of available-for-sale financial assets.

If the market price had been lower than management estimates by 5% with other variables held at constant, the carrying amount of available-for-sale financial assets would have been lowered by RMB10,710,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2013 and the segment assets and liabilities at 31 December 2013 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	33,651,248	779,786	957,051	1,145,516	36,533,601
Inter-segment revenue	–	(52,541)	(56,457)	(153,319)	(262,317)
Revenue from external customers	33,651,248	727,245	900,594	992,197	36,271,284
Profit/(loss) for the year	6,120,890	2,111,145	(248,725)	(337,662)	7,645,648
Finance costs	(1,362,517)	(175,613)	(264,499)	(131,113)	(1,933,742)
Share of results of joint ventures	357,253	–	–	–	357,253
Share of results of associates	(51,171)	–	–	270	(50,901)
Income tax expenses	(4,674,980)	(703,715)	82,909	69,605	(5,226,181)
Depreciation and amortisation	(147,568)	–	(151,849)	(32,809)	(332,226)
Goodwill disposed for sale of properties (Note 9)	(9,163)	–	–	–	(9,163)
Allowance for impairment losses	(8,656)	–	(158)	(664)	(9,478)
Fair value gain on investment properties – net of tax	–	1,827,152	–	–	1,827,152
Segment assets	115,052,178	15,888,187	5,273,055	634,414	136,847,834
Segment assets includes:					
Interests in joint ventures	4,258,931	–	–	–	4,258,931
Interests in associates	71,040	–	–	51,560	122,600
Additions to non-current assets (other than financial instruments and deferred tax assets)	410,406	105,341	372,481	117,030	1,005,258
Segment liabilities	31,490,566	–	121,936	543,381	32,155,883

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2012 and the segment assets and liabilities at 31 December 2012 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	28,057,384	680,868	874,284	993,398	30,605,934
Inter-segment revenue	–	(52,541)	(44,015)	(144,322)	(240,878)
Revenue from external customers	28,057,384	628,327	830,269	849,076	30,365,056
Profit/(loss) for the year	5,331,595	742,625	(175,285)	(239,585)	5,659,350
Finance costs	(1,096,026)	(163,912)	(204,317)	(37,354)	(1,501,609)
Share of results of joint ventures	402,974	–	–	–	402,974
Share of results of associates	(87,015)	–	–	(318)	(87,333)
Income tax expenses	(4,198,185)	(252,080)	58,429	9,421	(4,382,415)
Depreciation and amortisation	(130,138)	–	(153,249)	(24,581)	(307,968)
Goodwill disposed for sale of properties (Note 9)	(4,898)	–	–	–	(4,898)
Allowance for impairment losses	(2,575)	–	(206)	(1,316)	(4,097)
Fair value gain on investment properties – net of tax	–	494,747	–	–	494,747
Segment assets	77,377,881	13,347,220	4,407,292	534,286	95,666,679
Segment assets includes:					
Interests in joint ventures	3,795,093	–	–	–	3,795,093
Interests in associates	128,553	–	–	51,290	179,843
Additions to non-current assets (other than financial instruments and deferred tax assets)	276,493	–	827,862	79,667	1,184,022
Segment liabilities	25,110,250	–	145,613	588,821	25,844,684

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

Breakdown of revenue from all services is analysed as follows:

	2013	2012
Sale of properties	**33,651,248**	28,057,384
Rental income	**727,245**	628,327
Hotel operations	**900,594**	830,269
Property management services and others	**992,197**	849,076
	36,271,284	30,365,056

The amounts provided to the Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

The Group's deferred tax and available-for-sale financial assets are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	2013	2012
Segment assets for reportable segments	**136,847,834**	95,666,679
Deferred income tax assets	**3,217,888**	2,696,531
Available-for-sale financial assets	**281,400**	224,000
Total assets per balance sheet	**140,347,122**	98,587,210

The amounts provided to the Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2013	2012
Segment liabilities for reportable segments	**32,155,883**	25,844,684
Deferred income tax liabilities	**3,589,702**	2,780,705
Current income tax liabilities	**9,671,667**	7,499,685
Current borrowings	**18,095,313**	7,212,306
Non-current borrowings	**43,352,514**	28,419,956
Total liabilities per balance sheet	**106,865,079**	71,757,336

6. LAND USE RIGHTS

The Group's and the Company's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group	
	2013	2012
Outside Hong Kong in the PRC, held on leases of:		
Between 10 and 50 years	**1,098,345**	850,398

(All amounts in RMB Yuan thousands unless otherwise stated)

6. LAND USE RIGHTS (Continued)

	Company	
	2013	2012
Outside Hong Kong in the PRC, held on leases of:		
Between 10 and 50 years	**97,851**	94,213

	Group		Company	
	2013	2012	**2013**	2012
Opening balance at 1 January	**850,398**	680,069	**94,213**	41,717
Transfer from properties under development	**317,276**	190,950	**6,758**	54,349
Transfer to properties under development	**(42,381)**	–	**–**	–
Amortisation of prepaid operating lease payment	**(26,948)**	(20,621)	**(3,120)**	(1,853)
Closing balance at 31 December	**1,098,345**	850,398	**97,851**	94,213

Land use rights are amortised in the following categories:

	Group	
	2013	2012
Selling and administrative expenses	**4,447**	4,502
Cost of sales	**13,738**	12,805
Capitalised in property, plant and equipment	**8,763**	3,314
	26,948	20,621

Land use rights pledged as collateral are as follows:

	Group		Company	
	2013	2012	**2013**	2012
Land use rights (Note 26)	**582,136**	521,124	**74,657**	6,037

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Group							
				Motor vehicles				
	Office buildings	Hotel buildings	Furniture, fixtures and equipment	Assets acquired under finance lease	Others	Machinery	Assets under construction	Total
At 1 January 2012								
Cost	1,089,313	2,379,469	327,653	–	213,991	326,062	644,478	4,980,966
Accumulated depreciation	(94,243)	(267,022)	(216,747)	–	(127,823)	(150,212)	–	(856,047)
Net book amount	995,070	2,112,447	110,906	–	86,168	175,850	644,478	4,124,919
Year ended 31 December 2012								
Opening net book amount	995,070	2,112,447	110,906	–	86,168	175,850	644,478	4,124,919
Additions	–	–	105,322	395,325	45,388	10,580	547,316	1,103,931
Transfers	323,141	696,487	–	–	–	–	(1,019,628)	–
Transfer from properties under development	–	–	–	–	–	–	526,709	526,709
Disposals (Note 38)	(9)	–	(174)	–	(581)	(418)	–	(1,182)
Depreciation (Notes 31 and 38)	(41,809)	(85,119)	(66,752)	(16,762)	(27,045)	(27,690)	–	(265,177)
Closing net book amount	1,276,393	2,723,815	149,302	378,563	103,930	158,322	698,875	5,489,200
At 31 December 2012								
Cost	1,412,440	3,075,956	431,325	395,325	257,370	334,529	698,875	6,605,820
Accumulated depreciation	(136,047)	(352,141)	(282,023)	(16,762)	(153,440)	(176,207)	–	(1,116,620)
Net book amount	1,276,393	2,723,815	149,302	378,563	103,930	158,322	698,875	5,489,200
Year ended 31 December 2013								
Opening net book amount	**1,276,393**	**2,723,815**	**149,302**	**378,563**	**103,930**	**158,322**	**698,875**	**5,489,200**
Additions	**22,666**	**–**	**68,997**	**–**	**51,786**	**17,711**	**696,163**	**857,323**
Transfers	**11,997**	**703,204**	**–**	**–**	**–**	**–**	**(715,201)**	**–**
Transfers from properties under development	**53,085**	**274**	**–**	**–**	**–**	**–**	**466,651**	**520,010**
Transfer to properties under development	**(16,251)**	**–**	**–**	**–**	**–**	**–**	**–**	**(16,251)**
Disposals (Note 38)	**(1,262)**	**–**	**(260)**	**–**	**(1,332)**	**(108)**	**–**	**(2,962)**
Depreciation (Notes 31 and 38)	**(48,530)**	**(98,927)**	**(52,002)**	**(25,143)**	**(28,564)**	**(27,483)**	**–**	**(280,649)**
Closing net book amount	**1,298,098**	**3,328,366**	**166,037**	**353,420**	**125,820**	**148,442**	**1,146,488**	**6,566,671**
At 31 December 2013								
Cost	**1,479,352**	**3,779,434**	**498,944**	**395,325**	**306,778**	**351,911**	**1,146,488**	**7,958,232**
Accumulated depreciation	**(181,254)**	**(451,068)**	**(332,907)**	**(41,905)**	**(180,958)**	**(203,469)**	**–**	**(1,391,561)**
Net book amount	**1,298,098**	**3,328,366**	**166,037**	**353,420**	**125,820**	**148,442**	**1,146,488**	**6,566,671**

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB4,070,513,000 (2012: RMB3,338,766,000) for the Group (Note 26).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Assets under construction mainly represent building costs and other costs incurred for the construction of office buildings and hotel buildings. For the year ended 31 December 2013, borrowing costs capitalised in assets under construction amounted to RMB20,841,000 (2012: RMB11,086,000). The capitalisation rate of borrowings for assets under construction was 6.99% for the year ended 31 December 2013 (2012: 7.13%).

	Company				
	Office buildings	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
At 1 January 2012					
Cost	576,828	15,883	50,639	–	643,350
Accumulated depreciation	(38,185)	(9,832)	(35,025)	–	(83,042)
Net book amount	538,643	6,051	15,614	–	560,308
Year ended 31 December 2012					
Opening net book amount	538,643	6,051	15,614	–	560,308
Additions	–	1,935	11,047	284,589	297,571
Transfer from properties under development	–	–	–	92,965	92,965
Transfers	284,589	–	–	(284,589)	–
Disposals	–	(22)	(152)	–	(174)
Depreciation	(22,743)	(2,094)	(4,479)	–	(29,316)
Closing net book amount	800,489	5,870	22,030	92,965	921,354
At 31 December 2012					
Cost	861,417	17,379	60,805	92,965	1,032,566
Accumulated depreciation	(60,928)	(11,509)	(38,775)	–	(111,212)
Net book amount	800,489	5,870	22,030	92,965	921,354
Year ended 31 December 2013					
Opening net book amount	**800,489**	**5,870**	**22,030**	**92,965**	**921,354**
Additions	**11,263**	**7,131**	**8,432**	**51,982**	**78,808**
Disposals	**(1,256)**	**–**	**–**	**–**	**(1,256)**
Depreciation	**(27,518)**	**(2,231)**	**(5,062)**	**–**	**(34,811)**
Closing net book amount	**782,978**	**10,770**	**25,400**	**144,947**	**964,095**
At 31 December 2013					
Cost	**871,110**	**24,510**	**69,237**	**144,947**	**1,109,804**
Accumulated depreciation	**(88,132)**	**(13,740)**	**(43,837)**	**–**	**(145,709)**
Net book amount	**782,978**	**10,770**	**25,400**	**144,947**	**964,095**

Borrowings are secured by office buildings and assets under construction with a carrying amount of RMB868,751,000 (2012: RMB521,091,000) for the Company (Note 26).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation was expensed in the following categories in the consolidated income statement:

	Group	
	2013	2012
Selling and administrative expenses	**108,585**	100,627
Cost of sales	**172,064**	164,550
	280,649	265,177

8. INVESTMENT PROPERTIES

	Group		
	Completed investment properties	**Investment properties under construction**	**Total**
Year ended 31 December 2012			
Opening balance at 1 January 2012	12,687,557	–	12,687,557
Fair value gain – net (including in other gains – net) (Notes 30 and 38)	659,663	–	659,663
Closing balance at 31 December 2012	13,347,220	–	13,347,220
Total gains for the year included in profit or loss under "other gains – net"	659,663	–	659,663
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	659,663	–	659,663
Year ended 31 December 2013			
Opening balance at 1 January 2013	**13,347,220**	**–**	**13,347,220**
Additions	**–**	**105,341**	**105,341**
Disposals (Note 38)	**(577)**	**–**	**(577)**
Fair value gain – net (including in other gains – net) (Notes 30 and 38)	**2,128,921**	**307,282**	**2,436,203**
Closing balance at 31 December 2013	**15,475,564**	**412,623**	**15,888,187**
Total gains for the year included in profit or loss under "other gains – net"	**2,129,327**	**307,282**	**2,436,609**
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	**2,128,921**	**307,282**	**2,436,203**

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INVESTMENT PROPERTIES (Continued)

	Company
	Completed investment properties
Year ended 31 December 2012	
Opening balance at 1 January 2012	156,052
Fair value gain – net (including in other gains – net)	12,969
Closing balance at 31 December 2012	169,021
Year ended 31 December 2013	
Opening balance at 1 January 2013	**169,021**
Fair value gain – net (including in other gains – net)	**5,583**
Closing balance at 31 December 2013	**174,604**

(a) The investment properties are located in the PRC and are held on leases of between 10 and 50 years.

(b) Amounts recognised in the consolidated income statement for investment properties:

	Group	
	2013	2012
Rental income	**727,245**	628,327
Direct operating expenses arising from investment properties that generate rental income	**(64,336)**	(40,692)
Direct operating expenses that did not generate rental income	**(35,017)**	(24,691)

As at 31 December 2013, the Group had no unprovided contractual obligations for future repairs and maintenance (2012: Nil).

(c) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent, professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2013 and 2012. The fair value gains or losses are included in "other gains – net" (Note 30).

As at 31 December 2013, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

8. INVESTMENT PROPERTIES (Continued)

(d) Valuation processes of the Group

The Group's investment properties were revalued on 31 December 2013 by independent, professionally qualified valuers not related to the Group, who hold a relevant recognised professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports;
- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(e) Valuation techniques

For completed office and retail buildings, valuations are based on term and reversionary method. This method is based on the tenancy schedules as at the respective valuation dates by adopting term rates and the reversionary income potential by adopting appropriate capitalisation rates for the remaining land use rights term, which are derived from the analysis of prevailing market rents and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For carparks, valuations are determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

For investment properties under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INVESTMENT PROPERTIES (Continued)

(f) Information about fair value measurements using significant unobservable inputs (Level 3)

	Description	Fair value at 31 December 2013	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	Office	5,312,404	Term and reversionary method	Term yields	7.25%-7.5%	The higher the term yields, the lower the fair value
				Reversionary yields	7.25%-7.5%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	256-289	The higher the market rents, the higher the fair value
				Market price (RMB/square metre)	36,400-54,100	The higher the market price, the higher the fair value
	Retail	9,557,250	Term and reversionary method	Term yields	6%-7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	6%-7.25%	The higher the reversion yields, the lower the fair value
				Market rents(RMB/square metre/month)	69-280	The higher the market rents, the higher the fair value
	Carpark	605,910	Direct comparison method	Market price (RMB/square metre)	4,226-10,012	The higher the market price, the higher the fair value
Investment properties under construction	Retail	412,623	Residual method	Market price (RMB/square metre)	22,750-35,000	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	2,232	The higher the budgeted construction costs to be incurred, the lower the fair value
				Developer's profit (%)	5.23%	The higher the developer's profit, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For an investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs.

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INVESTMENT PROPERTIES (Continued)

(g) Investment properties pledged as security

Investment properties pledged as collateral are as follows:

	Group		Company	
	2013	2012	**2013**	2012
Investment properties (Note 26)	**10,921,305**	9,212,863	**118,625**	114,982

(h) Leasing arrangements

Some of the investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are shown in Note 41.

The period of leases over which the Group leases out its investment properties under operating leases ranged from 1 year to 20 years.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTANGIBLE ASSETS

	Group					Company
	Goodwill (Note a)	Construction licence (Note b)	Customer contracts	Software and others	Total	Software and others
At 1 January 2012						
Cost	524,063	282,000	322,000	57,353	1,185,416	29,630
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(12,345)	(337,328)	(5,331)
Net book amount	521,080	282,000	–	45,008	848,088	24,299
Year ended 31 December 2012						
Opening net book amount	521,080	282,000	–	45,008	848,088	24,299
Additions	–	–	–	80,091	80,091	1,698
Amortisation charge	–	–	–	(25,484)	(25,484)	(3,065)
Goodwill disposed for sale of properties, charged to cost of sales (Note 38)	(4,898)	–	–	–	(4,898)	–
Closing net book amount	516,182	282,000	–	99,615	897,797	22,932
At 31 December 2012						
Cost	519,165	282,000	322,000	137,444	1,260,609	31,328
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(37,829)	(362,812)	(8,396)
Net book amount	516,182	282,000	–	99,615	897,797	22,932
Year ended 31 December 2013						
Opening net book amount	**516,182**	**282,000**	**–**	**99,615**	**897,797**	**22,932**
Additions	**–**	**–**	**–**	**42,594**	**42,594**	**9,573**
Amortisation charge	**–**	**–**	**–**	**(33,392)**	**(33,392)**	**(3,604)**
Goodwill disposed for sale of properties, charged to cost of sales (Note 38)	**(9,163)**	**–**	**–**	**–**	**(9,163)**	**–**
Closing net book amount	**507,019**	**282,000**	**–**	**108,817**	**897,836**	**28,901**
At 31 December 2013						
Cost	**510,002**	**282,000**	**322,000**	**180,038**	**1,294,040**	**40,902**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(71,221)**	**(396,204)**	**(12,001)**
Net book amount	**507,019**	**282,000**	**–**	**108,817**	**897,836**	**28,901**

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTANGIBLE ASSETS (Continued)

Intangible assets are amortised in the following categories:

	Group	
	2013	2012
Selling and administrative expenses	**5,796**	4,320
Cost of sales	**27,596**	21,164
	33,392	25,484

Note a:

Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating units (CGUs) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2013, which is determined based on value-in-use calculations, amounted to RMB4,828,000,000 approximately. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	2013	2012
Gross margin	**9%-11%**	9%-11%
Growth rate for the five-year period	**3%-10%**	3%-10%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**15.85%**	14.97%

Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

Note b:

Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations was approximately RMB360,000,000 as at 31 December 2013, which is determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	2013	2012
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3%-10%**	3%-10%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**16.18%**	15.56%

Management determined royalty rate based on past performance and industry factor. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
Investments, at cost:		
Unlisted shares	**16,666,282**	15,510,319

The following is a list of principal subsidiaries at 31 December 2013:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC:							
廣州市東圃房地產開發有限公司	29 October 1997	Limited liability company	RMB20,000,000	90%	10%	–	Property development in the PRC
廣州市吉浩源房地產開發有限公司	3 March 2000	Limited liability company	RMB20,000,000	90%	10%	–	Property development in the PRC
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	–	Property development in the PRC
廣州天富房地產開發有限公司	8 July 2002	Sino-foreign joint venture with limited liability	USD21,000,000	85%	–	15%	Property development in the PRC
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of office buildings in the PRC
廣州富力恒盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of hotel buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of hotel buildings in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州富力智盛置業發展有限公司	4 November 2005	Limited liability company	RMB100,000,000	50%	50%	–	Property development in the PRC
廣州富力超盛置業發展有限公司	8 December 2005	Limited liability company	RMB600,000,000	100%	–	–	Property development in the PRC
廣州市花都富力房地產開發有限公司	30 June 2006	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州永富房地產開發有限公司	19 December 2006	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
廣州楊帆房地產開發有限公司	10 September 2007	Limited liability company	RMB100,000,000	40%	60%	–	Property development in the PRC
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)							
廣州市華維裝飾材料有限公司	2 April 2004	Limited liability company	RMB500,000	100%	–	–	Provision of interior design service in the PRC
廣州富力廣告有限公司	14 August 2002	Limited liability company	RMB1,010,000	90%	10%	–	Advertising agency in the PRC
廣州市住宅建築設計院有限公司	26 April 1995	Limited liability company	RMB5,000,000	93.84%	6.16%	–	Residential architecture design in the PRC
廣州天富建設工程監理有限公司	29 December 2001	Limited liability company	RMB3,010,000	–	100%	–	Construction supervision and consultancy in the PRC
廣州恆富擔保有限公司	24 October 2003	Limited liability company	RMB60,000,000	–	100%	–	Finance and consulting company in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	–	100%	–	Construction company in the PRC
廣州天盈園林工程有限公司	28 August 2009	Limited liability company	RMB5,000,000	–	100%	–	Gardening and virescence construction in the PRC
佛山力尊金屬制品有限公司	17 February 2009	Limited liability company	RMB2,000,000	–	100%	–	Manufacture and sales of metal products in the PRC
廣州富力美好置業發展有限公司	10 November 2003	Limited liability company	RMB3,010,000	80%	20%	–	Property leasing in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	–	Property management in the PRC
富力地產集團有限公司	8 July 1994	Limited liability company	RMB120,000,000	100%	–	–	Investment holdings in the PRC
廣州富力國際空港綜合物流園有限公司	11 June 2006	Limited liability company	RMB10,000,000	95%	5%	–	Storage and logistics in the PRC
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	–	Provision of interior design service in the PRC
廣州富力百貨商貿有限責任公司	24 August 2006	Limited liability company	RMB10,000,000	90%	10%	–	Retail business in the PRC
廣州市駿熹物業管理有限公司	13 August 2007	Limited liability company	RMB500,000	–	100%	–	Property management in the PRC
北京奔望投資咨詢有限公司	20 May 1997	Limited liability company	RMB6,000,000	–	100%	–	Investment holding in the PRC
廣州鼎力創業投資有限公司	4 August 2003	Limited liability company	RMB100,000,000	90%	10%	–	Investment holdings in the PRC
惠州富力房地產開發有限公司	10 April 2007	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)							
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB196,001,568	95%	5%	–	Property development in the PRC
博羅縣紅中實業發展有限公司	27 April 2004	Limited liability company	RMB250,000,000	95%	5%	–	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	80%	20%	–	Property development in the PRC
北京華恩房地產開發有限公司	5 September 2000	Limited liability company	RMB30,000,000	52%	48%	–	Property development in the PRC
北京地源達房地產開發有限公司	7 February 2002	Sino-foreign joint venture with limited liability	USD5,000,000	–	100%	–	Property development in the PRC
北京鴻高置業發展有限公司	8 June 1999	Limited liability company	RMB300,000,000	–	100%	–	Property development in the PRC
北京龍熙順景房地產開發有限責任公司	20 August 2001	Limited liability company	RMB21,750,000	–	100%	–	Property development in the PRC
北京東方長安房地產開發有限公司	6 December 2001	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
富力(香河)房地產開發有限公司	5 November 2009	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
北京恒富物業服務有限公司	12 December 2002	Limited liability company	RMB5,000,000	–	100%	–	Property management in the PRC
北京富力天創廣告有限公司	24 October 2002	Limited liability company	RMB1,000,000	–	100%	–	Advertising agency in the PRC
富力南京地產開發有限公司	8 September 2010	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
北京富力京城市政工程有限公司	6 March 2003	Limited liability company	RMB5,000,000	–	100%	–	Construction sub-contracting in the PRC
北京富力歐美園林綠化有限公司	6 March 2003	Limited liability company	RMB5,000,000	–	100%	–	Gardening and virescence construction in the PRC
北京天越門窗製造有限公司	8 August 2003	Limited liability company	RMB2,000,000	–	100%	–	Manufacture of aluminium frame and sales of construction and decoration materials in the PRC
北京富力會康體俱樂部有限公司	15 October 2004	Limited liability company	RMB3,000,000	–	100%	–	Operation of a recreational club in the PRC
北京極富房地產開發有限公司	30 August 2007	Limited liability company	RMB30,000,000	100%	–	–	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
天津鴻富房地產開發有限公司	30 June 2006	Limited liability company	RMB300,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)							
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	–	100%	–	Property development in the PRC
天津富力濱海投資有限公司	25 December 2007	Limited liability company	RMB400,000,000	–	100%	–	Property development in the PRC
天津富景投資發展有限公司	30 December 2008	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
天津華信物業管理有限公司	23 April 2004	Limited liability company	RMB5,000,000	–	100%	–	Property management in the PRC
天津富力會休閒健身娛樂有限公司	23 October 2008	Limited liability company	RMB100,000	–	100%	–	Operation of a recreational club in the PRC
西安富力房地產開發有限公司	26 September 2005	Limited liability company	RMB502,507,000	80.1%	19.9%	–	Property development in the PRC
西安保德信房地產開發有限公司	8 August 2005	Limited liability company	RMB65,000,000	–	100%	–	Property development in the PRC
西安濱湖花園房地產開發有限公司	8 August 2005	Limited liability company	RMB55,000,000	–	100%	–	Property development in the PRC
西安富力灣房地產開發有限公司	14 September 2010	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
重慶永富房地產開發有限公司	18 December 2007	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	93.94%	6.06%	–	Property development in the PRC
成都富力地產開發有限公司	27 March 2007	Limited liability company	RMB600,000,000	98.33%	1.67%	–	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	85%	–	15%	Property development in the PRC
成都富力熊貓城項目開發有限公司	15 August 2006	Limited liability company	RMB30,000,000	65%	–	35%	Property development in the PRC
四川富力百貨商貿有限公司	12 March 2008	Limited liability company	RMB10,000,000	–	100%	–	Property operation in the PRC
上海富力房地產開發有限公司	25 April 2007	Limited liability company	RMB200,000,000	95%	5%	–	Property development in the PRC
上海浦衛房地產開發有限公司	18 July 2006	Limited liability company	RMB320,000,000	–	100%	–	Property development in the PRC
昆山新延房地產開發有限公司	16 November 2000	Limited liability company	RMB128,000,000	–	100%	–	Property development in the PRC
昆山國銀置業有限公司	9 July 2002	Limited liability company	RMB380,000,000	95%	5%	–	Property development in the PRC
海南三林發展有限公司	17 January 1995	Limited liability company	RMB25,210, 000	–	100%	–	Property development in the PRC
海南朝陽房地產發展有限公司	4 April 1995	Limited liability company	RMB111,060,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)							
海南三林旅業開發有限公司	7 March 1995	Limited liability company	RMB124,900,000	–	100%	–	Property development in the PRC
海南紅樹林度假村有限公司	24 March 1995	Limited liability company	RMB11,650,000	–	100%	–	Property development in the PRC
海南明強房地產發展有限公司	26 April 1995	Limited liability company	RMB11,700,000	–	100%	–	Property development in the PRC
海南易通生態科技有限公司	27 January 1994	Limited liability company	HKD15,000,000	–	100%	–	Property development in the PRC
海南怡豐房地產發展(香港)公司	27 January 1994	Limited liability company	HKD15,000,000	100%	–	–	Property development in the PRC
海南陵水富力灣開發有限公司	23 November 2006	Limited liability company	RMB500,000,000	100%	–	–	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
海南那甲旅業開發有限公司	27 November 1998	Limited liability company	RMB300,000,000	99.8%	0.2%	–	Property development in the PRC
海南協興地產發展(香港)有限公司	26 January 1994	Limited liability company	HKD15,000,000	100%	–	–	Property development in the PRC
海南天力建築工程有限公司	9 July 2010	Limited liability company	RMB20,000,000	–	100%	–	Construction company in the PRC
北京富源盛達房地產開發有限公司	20 January 2011	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
富力(哈爾濱)房地產開發有限公司	12 April 2011	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
文昌富力房地產開發有限公司	25 August 2011	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
廣州富力足球俱樂部有限公司	7 July 2011	Limited liability company	RMB20,000,000	100%	–	–	Operation of a football club in the PRC
大同富力城房地產開發有限公司	7 November 2011	Limited liability company	RMB20,000,000	–	100%	–	Property development in the PRC
昆山富力會康體俱樂部有限公司	7 December 2011	Limited liability company	RMB30,000,000	–	100%	–	Operation of a recreational club in the PRC
廣州聖景房地產開發有限公司	27 August 2007	Limited liability company	USD80,000,000	25%	75%	–	Property development in the PRC
海南富力海洋歡樂世界開發有限公司	20 June 2012	Limited liability company	RMB2,000,000,000	80%	20%	–	Property development in the PRC
臨高富力房地產開發有限公司	20 November 2012	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
海口富力會旅遊發展有限公司	16 May 2012	Limited liability company	RMB1,000,000	–	100%	–	Operation of a recreational club in the PRC
富力南京科技園發展有限公司	19 January 2012	Limited liability company	RMB1,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)							
梅縣富力足球學校	6 December 2012	Limited liability company	RMB20,000,000	100%	–	–	Operation of a football school in the PRC
龍門縣駿熹投資有限公司	9 August 2012	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
惠州惠陽區恒富通投資有限公司	9 August 2012	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
惠州大亞灣恒翌建設投資有限公司	9 August 2012	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
惠州富茂房地產開發有限公司(“惠州富茂”)	14 May 2010	Limited liability company	RMB500,000,000	50%	50%	–	Property development in the PRC
惠州擇信投資有限公司	8 August 2012	Limited liability company	RMB10,000,000	–	100%	–	Construction sub-contracting in the PRC
博羅聯錫投資有限公司	8 August 2012	Limited liability company	RMB10,000,000	–	100%	–	Construction sub-contracting in the PRC
惠州錦良投資有限公司	8 August 2012	Limited liability company	RMB10,000,000	–	100%	–	Construction sub-contracting in the PRC
惠州富茂建設投資有限公司	25 August 2011	Limited liability company	RMB100,000,000	–	100%	–	Construction company in the PRC
惠州富茂物業管理有限公司	25 May 2012	Limited liability company	RMB5,000,000	–	100%	–	Property management in the PRC
天津團泊湖藍島置業有限公司	13 August 2009	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	–	100%	–	Property development in the PRC
天津團泊湖置業有限公司	13 August 2009	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
天津團泊綠島建設有限公司	15 June 2012	Limited liability company	RMB80,000,000	–	100%	–	Property development in the PRC
太原富力會康體俱樂部有限公司	28 February 2013	Limited liability company	RMB500,000	–	100%	–	Operation of a recreational club in the PRC
上海極富房地產開發有限公司	31 January 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
杭州極富房地產開發有限公司	27 February 2013	Limited liability company	USD40,000,000	–	100%	–	Property development in the PRC
無錫天潤福源房地產開發有限公司	2 March 2011	Limited liability company	RMB20,000,000	–	100%	–	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
梅縣富力房地產開發有限公司	1 July 2013	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC: (Continued)							
大同恒富物業服務有限公司	20 December 2012	Limited liability company	RMB5,000,000	–	100%	–	Property management in the PRC
湘潭瀟湘灣體育投資有限公司	17 June 2011	Limited liability company	RMB50,000,000	95%	5%	–	Property development in the PRC
湖南隆平九華房地產開發有限公司	12 May 2008	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Limited liability company	USD95,000,000	–	100%	–	Property development in the PRC
佛山富力房地產開發有限公司	13 November 2013	Limited liability company	RMB100,000,000	100%	–	–	Property development in the PRC
福州富力房地產開發有限公司	30 August 2013	Limited liability company	RMB20,000,000	100%	–	–	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Limited liability company	USD150,000,000	–	100%	–	Property development in the PRC
廣州天禧房地產開發有限公司	22 August 2013	Limited liability company	RMB10,000,000	100%	–	–	Property development in the PRC
湖南富力房地產開發有限公司	4 September 2013	Limited liability company	RMB20,000,000	100%	–	–	Property development in the PRC
杭州聯富房地產開發有限公司	24 December 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
杭州品富房地產開發有限公司	4 September 2013	Limited liability company	USD64,500,000	–	100%	–	Property development in the PRC
閩侯富力房地產開發有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
福州市臺江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
天津富潤房地產開發有限公司	23 October 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
無錫富力房地產開發有限公司	11 November 2013	Limited liability company	RMB5,000,000	–	100%	–	Property development in the PRC
南京富力城房地產開發有限公司	17 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
北京金厦園房地產開發有限公司	20 November 2013	Limited liability company	RMB60,000,000	–	100%	–	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
石家莊富力房地產開發有限公司	26 December 2013	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
珠海富力房地產開發有限公司	20 November 2013	Limited liability company	RMB0	100%	–	–	Property development in the PRC
上海富力會健身俱樂部有限公司	31 December 2013	Limited liability company	RMB100,000	–	100%	–	Operation of a recreational club in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD10,000	100%	–	–	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Maxview Investments Limited	3 April 2006	Limited liability company	USD50,000	–	100%	–	Investment holding in BVI
General Light Investments Limited	5 July 2011	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Subsidiaries – incorporated in Malaysia:							
R&F Development SDN BHD	29 November 2013	Limited liability company	MYR0	–	100%	–	Property development in the Malaysia

Structured entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administrating and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme".

The accumulated non-controlling interests as at 31 December 2013 were RMB375,207,000 (2012: RMB363,919,000). The non-controlling interests in respect of each subsidiary are not material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. INTERESTS IN JOINT VENTURES

	Group	
	2013	2012
At 1 January	**3,795,093**	3,355,575
Additions	**330,311**	13,385
Disposals	**–**	(500)
Acquisition of remaining interests in a joint venture (Note a)	**(216,795)**	–
Share of results	**357,253**	402,974
(Elimination)/realisation of unrealised profits	**(6,931)**	23,659
At 31 December	**4,258,931**	3,795,093

	Company	
	2013	2012
At 1 January	**586,540**	583,040
Additions	**326,300**	4,000
Disposals	**–**	(500)
At 31 December	**912,840**	586,540

(a) The Group acquired the remaining shares in 惠州富茂 in January 2013, which mainly held a piece of undeveloped land at the time. The Group treats it as a wholly-owned subsidiary after the acquisition.

(b) As at 31 December 2013, the Group's interests in joint ventures, which are not material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both the profit or loss from continuing operations and total comprehensive income of these joint ventures for the year ended 31 December 2013 was RMB357,253,000. The joint ventures listed below have share capital consisting solely of registered capital.

Name of entity	**Place of business/country of incorporation**	**% of ownership interests held at 31 December 2013**	
		Direct	**Indirect**
Value Success Investments Limited ("Value Success")	BVI	–	66.67%
富力(瀋陽)商務咨詢有限公司("富力(瀋陽)")	PRC	–	66.67%
瀋陽富力會餐飲服務有限公司("瀋陽富力會")	PRC	–	66.67%
瀋陽億隆房屋開發有限公司("瀋陽億隆")	PRC	–	66.67%
廣州市富景房地產開發有限公司("廣州富景")	PRC	33.34%	–
天津津南新城房地產開發有限公司("津南新城")	PRC	–	25%
天津和安房地產開發有限公司	PRC	–	25%
Hines Shanghai New Jiangwan Development Co., Ltd ("Hines Shanghai")	Cayman Islands	–	50%
上海城投悦城置業有限公司("上海悦城")	PRC	–	50%
廣州市森華房地產有限公司("森華房地產")	PRC	50%	–
貴州大西南房地產開發有限公司("貴州大西南")	PRC	60%	–
廣州市騰順投資有限公司("騰順投資")	PRC	45%	–
廣西富雅投資有限公司	PRC	50%	–
深圳市悦盈投資管理有限公司	PRC	50%	–
和榮有限公司("和榮")	BVI	–	25%
Charm Talent Limited ("Charm Talent")	HK	–	25%

(All amounts in RMB Yuan thousands unless otherwise stated)

11. INTERESTS IN JOINT VENTURES (Continued)

(c) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(d) The Group's proportionate interest of commitments relating to the joint ventures were RMB2,913,998,000 as at 31 December 2013 (2012: RMB1,563,865,000).

12. INTERESTS IN ASSOCIATES

	Group	
	2013	2012
At 1 January	**179,843**	264,586
Disposals	**–**	(5,621)
Share of results	**(50,222)**	(79,122)
Dividend received from an associate	**(7,021)**	–
At 31 December	**122,600**	179,843

	Company	
	2013	2012
At 1 January	**138,466**	138,466
Additions	**1,869**	–
At 31 December	**140,335**	138,466

(a) As at 31 December 2013, the Group's interests in associates, which are not material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both the profit or loss from continuing operations and total comprehensive income of these associates for the year ended 31 December 2013 was RMB50,222,000. The associates listed below have share capital consisting solely of registered capital.

Name of entity	**Place of business/country of incorporation**	**% of ownership interest held at 31 December 2013**	
		Direct	**Indirect**
北京富盛利房地產經紀有限公司	PRC	–	30%
廣州利合房地產開發有限公司(“廣州利合”)	PRC	20%	–
北京粵商投資股份有限公司	PRC	–	22%
廣州盛安創富投資管理有限公司(“盛安創富”)	PRC	20%	–

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN ASSOCIATES (Continued)

(b) The land of the property development project of 廣州利合 consists of three phases. According to the previously agreed payment schedule of land premium, the third phase land premium of RMB10,200,000,000 should have been fully settled in December 2011. As at 30 June 2013, land premium of RMB7,700,000,000 remained unsettled. In October 2013, 廣州利合 entered into a supplemental agreement with the relevant government authorities to reschedule payment of the outstanding land premium whereby RMB4,500,000,000 was paid in 2013 on schedule, and the remaining RMB3,200,000,000 is payable in November 2014.

(c) The Group's proportionate interest in commitments relating to the associates were RMB212,810,000 as at 31 December 2013 (2012: RMB165,425,000).

The Group's proportionate interest in financial guarantee contracts relating to the associates were RMB318,591,000 as at 31 December 2013 (2012: RMB240,609,000).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013	2012	**2013**	2012
At 1 January	**224,000**	177,100	**224,000**	177,100
Additions	**67,200**	–	**14,700**	–
Fair value (loss)/gain recognised in comprehensive income before tax	**(9,800)**	46,900	**(9,800)**	46,900
At 31 December	**281,400**	224,000	**228,900**	224,000

Available-for-sale financial assets include the following:

	Group		Company	
	2013	2012	**2013**	2012
Unlisted securities:				
Unlisted equity investments	**214,200**	224,000	**214,200**	224,000
Unlisted private funds	**67,200**	–	**14,700**	–
	281,400	224,000	**228,900**	224,000

The carrying amounts of the Group's available-for-sale financial assets as at 31 December 2013 and 2012 are denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying amounts the available-for-sale financial assets.

There was no impairment allowance on available-for-sale financial assets during the year (2012: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

14. PROPERTIES UNDER DEVELOPMENT

	Group	
	2013	2012
To be recovered after more than 12 months	**25,696,616**	17,307,304
To be recovered within 12 months	**30,414,483**	22,120,091
	56,111,099	39,427,395
Amount comprises:		
Land use rights	**38,521,161**	24,913,583
Construction costs and capitalised expenditures	**15,261,912**	13,267,189
Borrowing costs capitalised	**2,328,026**	1,246,623
	56,111,099	39,427,395

	Company	
	2013	2012
To be recovered after more than 12 months	**2,071,777**	2,302,792
To be recovered within 12 months	**2,853,642**	851,761
	4,925,419	3,154,553
Amount comprises:		
Land use rights	**3,410,538**	2,249,103
Construction costs and capitalised expenditures	**1,084,308**	658,981
Borrowing costs capitalised	**430,573**	246,469
	4,925,419	3,154,553

The Group made payments for land use rights of RMB11,265,265,000 as at 31 December 2013 (2012: RMB8,635,717,000), for which the Group was in the process of applying for formal land use rights certificates.

The Company made payments for land use rights of RMB813,244,000 as at 31 December 2013 (2012: RMB1,705,477,000), for which the Company was in the process of applying for formal land use rights certificates.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. PROPERTIES UNDER DEVELOPMENT (Continued)

The capitalisation rate used to determine the amount of borrowing costs (Note 33) eligible for capitalisation is as follows:

	Group		Company	
	2013	2012	**2013**	2012
Capitalisation rate	**8.82%**	9.50%	**6.81%**	6.63%

Properties under development pledged as collateral is as follows:

	Group		Company	
	2013	2012	**2013**	2012
Properties under development (Note 26)	**8,360,956**	6,284,312	**1,388,225**	–

Properties under development are located in the PRC and Malaysia.

15. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2013	2012
Land use rights	**2,468,099**	1,775,934
Construction costs and capitalised expenditures	**8,152,327**	5,910,741
Borrowing costs capitalised	**372,450**	277,613
	10,992,876	7,964,288

	Company	
	2013	2012
Land use rights	**277,994**	267,659
Construction costs and capitalised expenditures	**948,471**	832,536
Borrowing costs capitalised	**114,024**	112,283
	1,340,489	1,212,478

(All amounts in RMB Yuan thousands unless otherwise stated)

15. COMPLETED PROPERTIES HELD FOR SALE (Continued)

Completed properties held for sale pledged as collateral for borrowings is as follows:

	Group		Company	
	2013	2012	**2013**	2012
Completed properties held for sale (Note 26)	**285,489**	312,372	**73,510**	217,077

All completed properties held for sale are located in the PRC and are stated at cost.

16. INVENTORIES

	Group	
	2013	2012
Construction materials	**280,114**	290,337
Inventories for hotel operations	**17,806**	15,475
	297,920	305,812

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013	2012	**2013**	2012
Trade receivables				
– Due from joint ventures (Notes (a) and 42(xii))	**105,214**	99,305	**–**	–
– Due from third parties (Note (a))	**4,535,155**	2,912,248	**390,599**	180,413
	4,640,369	3,011,553	**390,599**	180,413
Less: allowance for impairment of trade receivables (Note (a))	**(1,818)**	(1,818)	**(1,022)**	(1,022)
Trade receivables – net	**4,638,551**	3,009,735	**389,577**	179,391
Other receivables (Note (b))	**3,245,350**	2,714,903	**2,094,395**	2,034,929
Prepayments (Note (c))	**3,170,441**	1,084,430	**152,688**	90,590
Due from subsidiaries (Note (d))	**–**	–	**7,699,756**	3,373,758
Due from joint ventures (Note 42 (xii))	**1,561,563**	1,317,840	**318,877**	332,280
Due from an associate (Note 42 (xii))	**2,039,377**	1,139,377	**2,039,377**	1,139,377
Less: allowance for impairment of other receivables (Note (f))	**(42,490)**	(33,012)	**(4,273)**	(4,597)
Total (Note (e))	**14,612,792**	9,233,273	**12,690,397**	7,145,728
Less: non-current portion	**(1,450,024)**	(1,624,219)	**(384,188)**	(322,090)
Current portion	**13,162,768**	7,609,054	**12,306,209**	6,823,638

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	Group		Company	
	2013	2012	**2013**	2012
0 to 90 days	**3,307,354**	2,010,999	**329,883**	116,689
91 to 180 days	**231,697**	149,012	**2,921**	6,560
181 to 365 days	**338,733**	350,790	**21,576**	13,507
1 year to 2 years	**495,724**	386,827	**5,206**	4,769
Over 2 years	**266,861**	113,925	**31,013**	38,888
	4,640,369	3,011,553	**390,599**	180,413

Trade receivables are analysed as follows:

	Group		Company	
	2013	2012	**2013**	2012
Fully performing under credit terms	**4,475,936**	2,849,395	**389,577**	179,391
Past due but not impaired	**162,615**	160,340	**–**	–
Non-performing and impaired	**1,818**	1,818	**1,022**	1,022
Trade receivables	**4,640,369**	3,011,553	**390,599**	180,413
Less: allowance for impairment	**(1,818)**	(1,818)	**(1,022)**	(1,022)
Trade receivables – net	**4,638,551**	3,009,735	**389,577**	179,391

As at 31 December 2013, trade receivables of RMB1,818,000 (2012: RMB1,818,000) were impaired with full allowance for impairment. The individually impaired receivables mainly relate to certain independent customers which are in unexpectedly difficult economic situations. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2013	2012	**2013**	2012
Over 2 years	**1,818**	1,818	**1,022**	1,022

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

For past due but not impaired receivables, the Group has the right to cancel the sale contracts and take over the legal title and possession of the underlying properties for re-sales. Therefore, the directors consider that the receivables would be recovered and no allowance was made against these receivables as at 31 December 2013 (2012: Nil). The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2013	2012	**2013**	2012
1 year to 2 years	**61,461**	139,810	**–**	–
Over 2 years	**101,154**	20,530	**–**	–
	162,615	160,340	**–**	–

Movements on the allowance for impairment of trade receivables are as follows:

	Group		Company	
	2013	2012	**2013**	2012
At 1 January	**1,818**	2,737	**1,022**	1,941
Reversal of allowance for doubtful debts (Notes 31 and 38)	**–**	(919)	**–**	(919)
At 31 December	**1,818**	1,818	**1,022**	1,022

(b) Other receivables

The ageing analysis of other receivables is as follows:

	Group		Company	
	2013	2012	**2013**	2012
0 to 1 year	**1,077,800**	788,639	**201,198**	99,859
1 year to 2 years	**414,282**	351,634	**68,747**	123,252
2 year to 3 years	**308,372**	1,505,633	**123,223**	1,489,023
Over 3 years	**1,444,896**	68,997	**1,701,227**	322,795
	3,245,350	2,714,903	**2,094,395**	2,034,929

Other receivables mainly represent deposits for urban redevelopment projects. Such deposits will be returned to the Group or transferred to properties under development according to the development progress of relevant projects.

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables (Continued)

Other receivables are analysed as below:

	Group		Company	
	2013	2012	**2013**	2012
Performing under normal business	**3,202,860**	2,681,891	**2,090,122**	2,030,332
Non-performing and impaired	**42,490**	33,012	**4,273**	4,597
Other receivables	**3,245,350**	2,714,903	**2,094,395**	2,034,929
Less: allowance for impairment	**(42,490)**	(33,012)	**(4,273)**	(4,597)
Other receivables – net	**3,202,860**	2,681,891	**2,090,122**	2,030,332

(c) Prepayments mainly represent prepayments for acquisitions of land use rights and prepayments for purchases of construction materials.

(d) The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

(e) The carrying amounts of the Group's trade and other receivables as at 31 December 2013 and 2012 are denominated in RMB.

(f) Movements on the allowance for impairment of other receivables are as follows:

	Group		Company	
	2013	2012	**2013**	2012
At 1 January	**33,012**	27,996	**4,597**	4,785
Allowance for doubtful debts (Notes 31 and 38)	**21,812**	13,875	**343**	213
Reversal of allowance for doubtful debts (Notes 31 and 38)	**(12,334)**	(8,859)	**(667)**	(401)
At 31 December	**42,490**	33,012	**4,273**	4,597

(All amounts in RMB Yuan thousands unless otherwise stated)

18. RESTRICTED CASH

	Group		Company	
	2013	2012	**2013**	2012
Guarantee deposits for construction of pre-sold properties (Note (a))	**3,683,549**	3,314,625	**450,258**	482,132
Guarantee deposits for resettlement costs (Note (b))	**11,250**	21,164	**10,925**	10,878
Guarantee deposits for construction payable (Note (c))	**120,774**	762,954	**2,979**	694,057
Guarantee deposits for borrowings (Note (d))	**2,325,655**	1,459,064	**961,700**	–
Guarantee deposits for mortgage loans provided by banks to customers (Note (e))	**21,132**	20,491	**–**	–
Guarantee deposits for interests of senior notes (Note (f))	**382,009**	225,686	**–**	–
Others (Note (g))	**77,804**	31,638	**22,477**	12,519
	6,622,173	5,835,622	**1,448,339**	1,199,586

(a) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects upon the approval of the local State-owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(b) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings being demolished for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(c) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payable as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(d) Pursuant to certain funding agreements, the Group is required to place all proceeds from certain business operations at designated bank accounts. The deposit can be withdrawn only with approval of the banks. As at 31 December 2013, the guarantee deposits amounted to RMB363,955,000 (2012: RMB459,064,000).

Pursuant to certain bank loan agreements, the Group is required to place at designated bank accounts certain amount as cash collateral. Such guarantee deposits can only be released after full repayment of borrowings. As at 31 December 2013, the guarantee deposits amounted to RMB1,961,700,000 (2012: RMB1,000,000,000). Such cash collateral and corresponding borrowings are subject to enforceable master netting arrangements. Under the terms of each agreement, the Group and the counterparty will have the option to settle all such amounts on a net basis in the event of default of the other party.

(e) According to the relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount as cash collateral of mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(f) According to the relevant contract, the Group is required to place certain cash deposits at a designated bank account as security for payment of interest on senior notes issued by the Group. Such guarantee deposits will only be released after payment of interest.

(g) Others mainly include guarantee deposits for letters of credit and salary payments for construction workers.

(All amounts in RMB Yuan thousands unless otherwise stated)

18. RESTRICTED CASH (Continued)

The restricted cash is denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
RMB	**6,310,665**	5,681,940	**1,425,863**	1,187,416
HKD	**22,792**	21,062	**22,476**	12,170
USD	**288,716**	132,620	**–**	–
	6,622,173	5,835,622	**1,448,339**	1,199,586

The directors of the Group are of the view that the restricted cash listed above will be released within one year.

19. CASH

	Group		Company	
	2013	2012	**2013**	2012
Cash at bank and on hand	**17,722,162**	7,026,092	**3,087,307**	335,362

	Group		Company	
	2013	2012	**2013**	2012
Denominated in:				
— RMB	**15,676,718**	6,624,155	**3,080,727**	312,617
— USD	**1,998,701**	377,783	**1,001**	4,218
— HKD	**40,030**	24,154	**5,579**	18,527
— MYR	**6,713**	–	**–**	–
	17,722,162	7,026,092	**3,087,307**	335,362

The conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

19. CASH (Continued)

The table below shows the restricted cash and cash at bank balances of the major counterparties with external credit ratings as at 31 December 2013 and 2012.

Counterparties with external credit rating (Moody's)	Group 2013	Group 2012	Company 2013	Company 2012
A1	**10,660,378**	7,169,915	**1,070,934**	691,431
A2	**76,350**	74,963	**25,924**	12,808
A3	**669,994**	488,286	**–**	–
Aa3	**982,168**	359,480	**6,580**	10,226
Ba1	**3,474,712**	1,522,411	**1,624,386**	1,510
Ba2	**178,649**	58,560	**2,121**	6,246
Baa2	**4,571,028**	460,273	**132,307**	30,265
Baa3	**744,703**	1,087,258	**490,336**	53,640
Baaa3	**583,639**	–	**124,386**	–
	21,941,621	11,221,146	**3,476,974**	806,126

20. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 31 December 2013 and 2012		
– domestic shares	2,207,108	551,777
– H shares*	1,015,259	253,815
	3,222,367	805,592

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium relates to H shares is shown in Note 22.

As at 31 December 2013 and 2012, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares of RMB0.25 each, comprising 2,207,108,000 domestic shares and 1,015,259,000 H shares.

21. RETAINED EARNINGS

	Group 2013	Group 2012	Company 2013	Company 2012
Balance at 1 January	**21,476,124**	17,569,730	**2,480,725**	1,711,677
Profit for the year	**7,633,860**	5,501,979	**2,346,682**	2,364,633
Dividends	**(1,980,430)**	(1,595,585)	**(1,980,430)**	(1,595,585)
Balance at 31 December	**27,129,554**	21,476,124	**2,846,977**	2,480,725

(All amounts in RMB Yuan thousands unless otherwise stated)

22. OTHER RESERVES

	Share premium	Available-for-sale financial assets	Statutory reserve	Total
Group and Company				
Balance at 1 January 2012	3,636,625	140,659	539,144	4,316,428
Fair value gain of available-for-sale financial assets, net of tax	–	35,175	–	35,175
Balance at 31 December 2012	3,636,625	175,834	539,144	4,351,603
Balance at 1 January 2013	**3,636,625**	**175,834**	**539,144**	**4,351,603**
Fair value loss of available-for-sale financial assets, net of tax	**–**	**(7,350)**	**–**	**(7,350)**
Balance at 31 December 2013	**3,636,625**	**168,484**	**539,144**	**4,344,253**

(a) According to the rules and regulations applicable to the Group's subsidiaries in the PRC, when distributing net profit of each year, these subsidiaries shall set aside 10% of their net profits as reported in their statutory accounts for the statutory reserve fund until the balance of such fund has reached 50% of its registered capital.

(b) Statutory reserve forms part of the shareholders' funds and is not distributable other than on liquidation.

(c) Share premium arising from the issue of H shares (Note 20) can be utilised for increasing paid-up capital as approved by the directors.

23. SHARES HELD FOR SHARE AWARD SCHEME

	Group and Company	
	2013	2012
Balance at 1 January	**167,364**	165,924
Shares purchased for Share Award Scheme	**5,199**	1,440
Balance at 31 December	**172,563**	167,364

On 23 August 2011, a Share Award Scheme (the "Scheme") was approved and adopted by the Board of Directors of the Company. The terms of the Scheme provide for H shares of the Company to be awarded to eligible employees of the Group as part of their compensation package. Such shares would be vested progressively over the vesting period after the awards are granted, provided that the relevant awardees remain employed by the Group or retire on reaching normal retirement age.

Shares purchased for Share Award Scheme are held in a trust set up by the Scheme (the "Employee Share Trust") until vesting occurs and presented within equity in the consolidated balance sheet.

(All amounts in RMB Yuan thousands unless otherwise stated)

23. SHARES HELD FOR SHARE AWARD SCHEME (Continued)

As at 31 December 2013, the Employee Share Trust held 28,650,800 H shares (2012: 28,000,000 H shares) through purchases on the open market at a total consideration of RMB172,563,000 (2012: RMB167,364,000). No shares under the Share Award Scheme have been awarded to eligible employees.

The Board of Directors has reviewed the Company's overall policies regarding employee compensation and incentive and on 25 November 2013 announced its intention to discontinue the Share Award Scheme.

24. PERPETUAL CAPITAL INSTRUMENT

In December 2013, a wholly owned subsidiary of the Company issued to third parties a subordinated perpetual capital instrument (the "Perpetual Capital Instrument") with an aggregate principal amount of RMB1,000,000,000, which is guaranteed by the Company.

The Perpetual Capital Instrument has no maturity date and the distribution payments can be deferred at the discretion of the Group. Therefore, the Perpetual Capital Instrument is classified as equity instrument and recorded in equity in the consolidated balance sheet.

25. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
Amounts due to subsidiaries (Note (b))	**–**	–	**16,323,865**	10,939,553
Amounts due to joint ventures (Notes (b) and 42 (xii))	**2,546,634**	1,096,399	**1,097,566**	–
Construction payables (Note (c))	**8,751,317**	7,092,377	**1,136,889**	1,048,086
Other payables and accrued charges (Note (d))	**7,080,040**	4,490,703	**1,518,911**	352,054
Total	**18,377,991**	12,679,479	**20,077,231**	12,339,693
Less: non-current portion	**(596,257)**	–	**(596,257)**	–
Current portion	**17,781,734**	12,679,479	**19,480,974**	12,339,693

(a) The carrying amounts of the Group's accruals and other payables are denominated in RMB, except for the balances due to two joint ventures amounting to RMB596,650,000 as at 31 December 2013 which is denominated in HKD (2012: RMB366,415,000).

(b) The amounts are unsecured, interest free and are repayable on demand.

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(d) The balance mainly represents interest payables, accruals and other tax payables excluding income tax.

(e) The carrying amounts of accruals and other payables approximate their fair value.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS

	Group		Company	
	2013	2012	**2013**	2012
Non-current				
Long-term borrowings				
Bank borrowings (Note (a))				
– Secured	**24,062,632**	11,852,778	**5,458,000**	1,113,000
– Unsecured	**4,524,000**	6,035,250	**2,122,000**	3,116,000
	28,586,632	17,888,028	**7,580,000**	4,229,000
Corporate bonds (Note (b))				
– Unsecured	**5,498,933**	5,497,684	**5,498,933**	5,497,684
Senior notes (Note (c))				
– Secured	**8,521,961**	4,948,275	**–**	–
Other borrowings (Note (d))				
– Secured	**15,143,577**	5,679,935	**576,270**	110,000
– Unsecured	**1,000,000**	–	**500,000**	–
	16,143,577	5,679,935	**1,076,270**	110,000
Finance lease liabilities (Note (e))				
– Secured	**147,189**	186,288	**–**	–
Less: current portion of long-term borrowings	**(15,545,778)**	(5,780,254)	**(7,178,933)**	(1,624,000)
	43,352,514	28,419,956	**6,976,270**	8,212,684
Current				
Short-term borrowings				
Bank borrowings (Note (a))				
– Secured	**2,080,535**	1,184,052	**–**	–
– Unsecured	**469,000**	150,000	**–**	–
	2,549,535	1,334,052	**–**	–
Other borrowings (Note (d))				
– Unsecured	**–**	98,000	**–**	–
	2,549,535	1,432,052	**–**	–
Current portion of long-term borrowings	**15,545,778**	5,780,254	**7,178,933**	1,624,000
Total borrowings	**61,447,827**	35,632,262	**14,155,203**	9,836,684

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on the borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest-rate changes. The contractual repricing dates are all within one year.

(i) The maturity of bank borrowings is as follows:

	Group		Company	
	2013	2012	**2013**	2012
Within one year	**8,455,235**	6,075,772	**1,680,000**	1,624,000
Between one and two years	**7,332,041**	3,347,000	**1,558,000**	1,606,000
Between two and five years	**11,732,780**	6,031,182	**4,342,000**	999,000
Over five years	**3,616,111**	3,768,126	**–**	–
Total bank borrowings	**31,136,167**	19,222,080	**7,580,000**	4,229,000

	Group		Company	
	2013	2012	**2013**	2012
Wholly repayable within 5 years	**25,286,056**	12,430,954	**7,580,000**	4,229,000
Wholly repayable after 5 years	**5,850,111**	6,791,126	**–**	–
Total bank borrowings	**31,136,167**	19,222,080	**7,580,000**	4,229,000

(ii) The carrying amounts of bank borrowings are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
RMB	**30,221,632**	19,068,028	**7,580,000**	4,229,000
HKD	**–**	154,052	**–**	–
USD	**914,535**	–	**–**	–
	31,136,167	19,222,080	**7,580,000**	4,229,000

(iii) Interest is charged based on floating rates on outstanding principals and the weighted average effective interest rates at the balance sheet date are as follows:

	2013	2012
RMB bank borrowings – floating rates	**6.66%**	6.45%
HKD bank borrowings – floating rates	**–**	2.75%
USD bank borrowings – floating rates	**2.85%**	–

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(a) Bank borrowings (Continued)

(iv) The carrying amounts and fair value of the non-current bank borrowings are as follows:

	Group			
	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
Bank borrowings	**22,680,932**	13,146,308	**22,712,741**	13,159,766

	Company			
	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
Bank borrowings	**5,900,000**	2,605,000	**5,925,226**	2,634,394

The carrying amounts of non-current bank borrowings approximate their fair values as all such bank borrowings are at floating interest rates. The fair values are based on cash flows discounted at the borrowing rate of 6.50% (2012: 6.60%) and are within level 2 of the fair value hierarchy.

The carrying amounts of short-term bank borrowings approximate their fair values.

(b) Corporate bonds

The Company issued 55,000,000 bonds at a par value of RMB5.5 billion in the PRC on 23 October 2009. The bonds will mature after five years from the issue date at their nominal value of RMB5.5 billion.

The bonds are listed on the Shanghai Stock Exchange since 12 November 2009.

The principal terms of the bonds are as follows:

(i) Interest rate

The interest rate of the corporate bonds is fixed at 6.85% per annum. On the third anniversary of the issue date, the Company has an option to increase the interest rate by up to 100 basis points for the remaining periods.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(b) Corporate bonds (Continued)

(ii) Maturity

The bonds will mature after five years from the issue date, and are puttable by the bond holders for early redemption at the principal amount upon the third anniversary of the issue date.

Effective from 23 October 2012, the third anniversary of the issue date, the Company increased the interest rate for the remaining two years by 30 basis points to 7.15% per annum. The bond holders did not exercise the put option for early redemption on the third anniversary of the issue date.

The effective interest rate of the bonds is 7.18%.

The movement of the bonds is set out below:

	Group and Company	
	2013	2012
At 1 January	**5,497,684**	5,455,924
Interest charged (Note 33)	**394,499**	421,675
Interest included in other payables	**(393,250)**	(379,915)
At 31 December	**5,498,933**	5,497,684

The fair value of the bonds as at 31 December 2013 amounted to RMB5,636,950,000 (2012: RMB5,695,250,000). The value is determined directly by references to the price quotations published by the Shanghai Stock Exchange on 31 December 2013, the last dealing date of 2013, and is within level 1 of the fair value hierarchy.

(c) Senior notes

(i) 2011 Notes

On 29 April 2011, a subsidiary of the Group, Big Will Investments Limited ("Big Will") issued 7% senior notes due 29 April 2014 in the aggregate nominal value of RMB2,612,000,000 and 10.875% senior notes due 29 April 2016 in the aggregate nominal value of USD150,000,000 (equivalent to approximately RMB979,500,000) at face value (the "2011 Notes"). The net proceeds of the 2011 Notes, after deducting the transaction costs, amounted to RMB3,527,947,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(c) Senior notes (Continued)

(ii) 2012 Notes

On 29 August 2012, Bill Will issued 10.875% senior notes due April 2016 in the aggregate principal amount of USD238,000,000 (equivalent to approximately RMB1,509,000,000) with the issue price 97.061% of the principal amount, plus accrued interest from (and including) 29 April 2012 to (but excluding) 29 August 2012 (the "2012 Notes"). The net proceeds of the 2012 Notes, after deducting the transaction costs, amounted to RMB1,436,117,000.

Big Will may at its option redeem the 2011 Notes and 2012 Notes, in whole but not in part, at a redemption price set forth in the offering memorandums of these senior notes at the redemption date.

(iii) 2013 Notes

On 24 January 2013, a subsidiary of the Group, Caifu Holdings Limited ("Caifu") issued 8.75% senior notes due 24 January 2020 in the aggregate nominal value of USD400,000,000 (equivalent to approximately RMB2,511,000,000) at face value (the "Original Notes").

On 6 February 2013, Caifu further issued 8.75% senior notes due 24 January 2020 in the aggregate principal amount of USD200,000,000 (equivalent to approximately RMB1,258,000,000) with the issue price 100.5% of the principal amount, plus accrued interest from (and including) 24 January 2013 to (but excluding) 6 February 2013 (the "Additional Notes" and, together with the Original Notes, the "2013 Notes").

The net proceeds of the 2013 Notes, after deducting the transaction costs, amounted to RMB3,708,031,000.

Caifu may at its option redeem the 2013 Notes, in whole or in part, on or after 24 January 2017, or in whole but not in part, prior to 24 January 2017, at a redemption price set forth in the offering memorandums of the 2013 Notes.

The 2011, 2012 and 2013 Notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of equity interests of certain guarantors, which are offshore subsidiaries.

The effective interest rate of senior notes ranged from 7.70% to 12.25%.

The movement of senior notes is set out below:

	Group	
	2013	2012
At 1 January	**4,948,275**	3,505,615
Issuance of the 2012 Notes	**–**	1,436,117
Issuance of the 2013 Notes	**3,708,031**	–
Interest charged (Note 33)	**791,052**	361,817
Interest included in other payables	**(742,548)**	(340,582)
Exchange gain	**(182,849)**	(14,692)
At 31 December	**8,521,961**	4,948,275

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(c) Senior notes (Continued)

The carrying amount of senior notes are denominated in the following currencies:

	Group	
	2013	2012
RMB	**2,606,317**	2,589,551
USD	**5,915,644**	2,358,724
	8,521,961	4,948,275

The fair value of the senior notes as at 31 December 2013 amounted to RMB8,976,323,000 (2012: RMB5,338,582,000). The fair value is determined by reference to the price quotations published by Bloomberg on 31 December 2013, the last trading date of 2013, and is within level 1 of the fair value hierarchy.

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

One of the Trustees is managed by 盛安創富, which is an associate of the Company and certain directors of the Company are also the minority shareholders.

The effective interest rate of these funding arrangements ranged from 7.36% to 13.82%.

The movement of other borrowings is set out below:

	Group	
	2013	2012
At 1 January	**5,777,935**	1,000,000
Additions	**14,798,000**	4,738,133
Acquisition of a subsidiary	**318,000**	–
Repayments	**(4,754,000)**	–
Interest charged (Note 33)	**1,052,539**	699,743
Interest included in other payables	**(1,048,897)**	(659,941)
At 31 December	**16,143,577**	5,777,935

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(d) Other borrowings (Continued)

The maturity of other borrowings is as follows.

	Group		Company	
	2013	2012	**2013**	2012
Within one year	**1,491,479**	1,098,000	**–**	–
Between one and two years	**11,558,000**	4,599,935	**–**	30,000
Between two and five years	**3,094,098**	80,000	**1,076,270**	80,000
Total other borrowings	**16,143,577**	5,777,935	**1,076,270**	110,000

	Group		Company	
	2013	2012	**2013**	2012
Wholly repayable within 5 years	**16,143,577**	5,777,935	**1,076,270**	110,000

The carrying amounts of other borrowings approximate their fair values.

(e) Finance lease liabilities

In April 2012, a subsidiary of the Company (the "Lessee") entered into an aircraft rental agreement with an independent third party under a financial lease (the "Arrangement"). Under the Arrangement, the Lessee leased an aircraft for an agreed term of five years commencing 15 April 2012. At the maturity date of the lease, the Lessee has an option to purchase the aircraft for a consideration of RMB94,830,000.

	Group	
	2013	2012
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**50,222**	50,222
Later than 1 year and no later than 5 years	**113,001**	163,223
	163,223	213,445
Future finance charges on finance leases	**(16,034)**	(27,157)
Present value of finance lease liabilities	**147,189**	186,288
The present value of finance lease liabilities is as follows:		
No later than 1 year	**43,349**	38,534
Later than 1 year and no later than 5 years	**103,840**	147,754
	147,189	186,288

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(f) As at 31 December 2013, bank and other borrowings totalling RMB41,286,744,000 (2012: RMB18,716,765,000) of the Group and RMB6,034,270,000 (2012: RMB1,223,000,000) of the Company were secured by the following:

	Group		Company	
	2013	2012	**2013**	2012
Land use rights (Note 6)	**582,136**	521,124	**74,657**	6,037
Property, plant and equipment (Note 7)	**4,070,513**	3,338,766	**868,751**	521,091
Investment properties (Note 8)	**10,921,305**	9,212,863	**118,625**	114,982
Properties under development (Note 14)	**8,360,956**	6,284,312	**1,388,225**	–
Completed properties held for sale (Note 15)	**285,489**	312,372	**73,510**	217,077
Restricted cash	**2,325,655**	1,450,172	**961,700**	–
Equity investments in a subsidiary	**2,627,000**	95,000	**–**	–
	29,173,054	21,214,609	**3,485,468**	859,187

The majority of unsecured bank borrowings and other borrowings are supported by guarantees issued by the Company or subsidiaries of the Group. Details are as follows:

	Group		Company	
	2013	2012	**2013**	2012
Guarantors				
The Company	**2,971,000**	3,119,250	**–**	–
Subsidiaries	**446,000**	1,100,000	**446,000**	1,100,000
	3,417,000	4,219,250	**446,000**	1,100,000

27. TAX PREPAYMENTS

Details of tax prepayments are as follows:

	Group		Company	
	2013	2012	**2013**	2012
Enterprise income tax prepayments	**348,020**	287,825	**1,645**	8,667
Land appreciation tax prepayments	**530,056**	286,696	**9,083**	12,170
Business tax prepayments	**772,431**	735,780	**5,835**	23,778
Other tax prepayments	**5,735**	4,345	**–**	–
	1,656,242	1,314,646	**16,563**	44,615

Tax prepayments are calculated based on certain percentage of cash received from pre-sale of properties.

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX

There were no offsettings of deferred income tax assets and liabilities in 2013 and 2012.

	Group	
	2013	2012
Deferred tax assets:		
– Deferred tax assets to be recovered after 12 months	**2,439,991**	1,878,815
– Deferred tax assets to be recovered within 12 months	**777,897**	817,716
	3,217,888	2,696,531
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after 12 months	**(2,920,832)**	(2,336,480)
– Deferred tax liabilities to be recovered within 12 months	**(668,870)**	(444,225)
	(3,589,702)	(2,780,705)

	Company	
	2013	2012
Deferred tax assets:		
– Deferred tax assets to be recovered after 12 months	**6,827**	9,050
– Deferred tax assets to be recovered within 12 months	**177,091**	151,685
	183,918	160,735
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after 12 months	**(76,317)**	(76,994)
– Deferred tax liabilities to be recovered within 12 months	**(37,798)**	(20,744)
	(114,115)	(97,738)

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

The gross movement on the deferred income tax account is as follows:

	Group	
	2013	2012
At 1 January	**(84,174)**	38,635
Income statement charge (Note 34)	**(290,090)**	(111,084)
Tax credit/(charge) relating to components of other comprehensive income (Note 34)	**2,450**	(11,725)
At 31 December	**(371,814)**	(84,174)

	Company	
	2013	2012
At 1 January	**62,997**	34,436
Income statement credit	**4,356**	40,286
Tax credit/(charge) relating to components of other comprehensive income	**2,450**	(11,725)
At 31 December	**69,803**	62,997

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

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

Deferred tax liabilities:

	Group					
	Timing difference in sales recognition and related cost of sales	Fair value of investment properties over the tax bases	Revaluation gain arising from business combinations	Revaluation of available-for-sale financial assets	Others	Total
At 1 January 2012	226,988	1,928,441	147,012	28,453	33,293	2,364,187
Charged/(credited) to the income statement	217,236	216,009	(28,452)	–	–	404,793
Charged to other comprehensive income	–	–	–	11,725	–	11,725
At 31 December 2012	444,224	2,144,450	118,560	40,178	33,293	2,780,705
Charged/(credited) to the income statement	224,646	604,119	(17,318)	–	–	811,447
Credited to other comprehensive income	–	–	–	(2,450)	–	(2,450)
At 31 December 2013	668,870	2,748,569	101,242	37,728	33,293	3,589,702

	Company				
	Timing difference in sales recognition and related cost of sales	Fair value of investment properties over the tax bases	Revaluation of available-for-sale financial assets	Others	Total
At 1 January 2012	33,838	28,211	28,453	4,986	95,488
(Credited)/charged to the income statement	(13,094)	3,619	–	–	(9,475)
Charged to other comprehensive income	–	–	11,725	–	11,725
At 31 December 2012	20,744	31,830	40,178	4,986	97,738
Charged to the income statement	17,054	1,773	–	–	18,827
Credited to other comprehensive income	–	–	(2,450)	–	(2,450)
At 31 December 2013	37,798	33,603	37,728	4,986	114,115

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

Deferred tax assets:

	Group				
	Accruals	**Tax losses**	**Unrealised profit on intra-group transactions**	**Others**	**Total**
At 1 January 2012	1,889,688	272,110	219,895	21,129	2,402,822
Credited/(charged) to the income statement	283,857	26,242	(30,320)	13,930	293,709
At 31 December 2012	2,173,545	298,352	189,575	35,059	2,696,531
Credited to the income statement	374,782	94,287	32,727	19,561	521,357
At 31 December 2013	2,548,327	392,639	222,302	54,620	3,217,888

	Company		
	Accruals	**Others**	**Total**
At 1 January 2012	128,243	1,681	129,924
Credited/(charged) to the income statement	31,087	(276)	30,811
At 31 December 2012	159,330	1,405	160,735
Credited/(charged) to the income statement	23,264	(81)	23,183
At 31 December 2013	182,594	1,324	183,918

29. CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2013	2012	**2013**	2012
Land appreciation tax liabilities	**7,430,374**	5,855,906	**643,750**	650,562
Income tax liabilities	**2,241,293**	1,643,779	**–**	70,444
	9,671,667	7,499,685	**643,750**	721,006

(All amounts in RMB Yuan thousands unless otherwise stated)

30. OTHER GAINS – NET

	2013	2012
Fair value gains on investment properties-net (Notes 8 and 38)	**2,436,203**	659,663
Interest income (Note 38)	**151,684**	148,183
Dividends received on available-for-sale financial assets (Note 38)	**2,595**	2,100
Gain on disposal of investment properties (Note 38)	**406**	–
Gain/(loss) on disposal of property, plant and equipment (Note 38)	**2,995**	(746)
Others	**50,537**	16,659
	2,644,420	825,859

31. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2013	2012
Crediting		
Reversal of allowance for doubtful debts (Notes 17 and 38)	**(12,334)**	(9,778)
Charging		
Cost of completed properties sold	**19,634,964**	15,903,431
Business taxes and other levies	**2,185,818**	1,884,826
Employee benefit expense (Note 32)	**945,736**	796,329
Depreciation (Notes 7 and 38)	**280,649**	265,177
Advertising costs	**211,641**	173,104
Amortisation of land use rights and intangible assets (Note 38)	**51,577**	42,791
Office expenses	**135,291**	112,549
Operating lease payments	**32,128**	14,706
Allowance for doubtful debts (Notes 17 and 38)	**21,812**	13,875
Auditors' remuneration	**9,397**	9,212
Others	**1,004,339**	756,960
	24,513,352	19,972,960
	24,501,018	19,963,182

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSE

The employee benefit expense, including Directors' and Supervisors' emoluments, is as follows:

	2013	2012
Wages and salaries	**711,361**	571,670
Retirement scheme contributions	**178,797**	162,762
Other allowances and benefits	**55,578**	61,897
	945,736	796,329

(a) Directors' and Chief Executive's emoluments

The remuneration of each Director and Chief Executive for the year ended 31 December 2013 is set out below:

Name of Director	**Salary**	**Other benefits (i)**	**Total**
Executive Directors			
Mr. Li Sze Lim	**2,660**	**676**	**3,336**
Mr. Zhang Li (Note)	**2,660**	**676**	**3,336**
Mr. Zhou Yaonan	**3,105**	**236**	**3,341**
Mr. Lu Jing	**2,605**	**274**	**2,879**
Non-executive Directors			
Ms. Zhang Lin	**373**	**–**	**373**
Ms. Li Helen	**373**	**–**	**373**
Independent non-executive Directors			
Mr. Huang Kaiwen	**360**	**–**	**360**
Mr. Dai Feng (resigned on 28 February 2014)	**297**	**–**	**297**
Mr. Lai Ming Joseph	**297**	**–**	**297**

The remuneration of each Director and Chief Executive for the year ended 31 December 2012 is set out below:

Name of Director	**Salary**	**Other benefits (i)**	**Total**
Executive Directors			
Mr. Li Sze Lim	2,666	676	3,342
Mr. Zhang Li (Note)	2,666	676	3,342
Mr. Zhou Yaonan	3,105	236	3,341
Mr. Lu Jing	2,605	274	2,879
Non-executive Directors			
Ms. Zhang Lin	358	–	358
Ms. Li Helen	358	–	358
Independent non-executive Directors			
Mr. Huang Kaiwen	353	–	353
Mr. Dai Feng	286	–	286
Mr. Lai Ming Joseph	286	–	286

Note: Mr. Zhang Li is also the Chief Executive of the Company.

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Supervisors' emoluments

The remuneration of each Supervisor for the year ended 31 December 2013 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	**64**
Ms. Liang Yingmei	**66**
Mr. Zheng Ercheng	**66**

The remuneration of each Supervisor for the year ended 31 December 2012 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan (Appointed on 23 February 2012)	66
Ms. Liang Yingmei	66
Mr. Zheng Ercheng	66

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2012: Nil) whose emoluments are reflected in the analysis presented above. The emoluments payable of the five (2012: Five) individuals during the year are as follows:

	2013	2012
Salaries	**81,757**	58,946

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSE (Continued)

(c) Five highest paid individuals (Continued)

The emolument of the individual fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
HKD9,500,001 to HKD10,000,000	**–**	1
HKD10,000,001 to HKD10,500,000	**–**	1
HKD11,000,001 to HKD11,500,000	**1**	1
HKD12,000,001 to HKD12,500,000	**1**	–
HKD12,500,001 to HKD13,000,000	**–**	1
HKD13,000,001 to HKD13,500,000	**1**	–
HKD15,500,001 to HKD16,000,000	**1**	–
HKD28,500,001 to HKD29,000,000	**–**	1
HKD50,000,001 to HKD50,500,000	**1**	–

Note:

(i) Other benefits mainly include welfare and transportation expenses.

(ii) No directors or supervisors of the Company waived or agreed to waive any remuneration for the year ended 31 December 2013 (2012: Nil).

(iii) During the year, no emolument was paid by the Group to any of the above directors or supervisors or the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

33. FINANCE COSTS

	2013	2012
Interest expense:		
– bank borrowings	**1,636,749**	1,282,912
– corporate bonds (Note 26 (b))	**394,499**	421,675
– senior notes (Note 26 (c))	**791,052**	361,817
– other borrowings (Note 26 (d))	**1,052,539**	699,743
– finance lease liabilities	**11,123**	9,462
	3,885,962	2,775,609
Net foreign exchange gains	**(88,029)**	(3,748)
Less: interest capitalised	**(1,864,191)**	(1,270,252)
	1,933,742	1,501,609

(All amounts in RMB Yuan thousands unless otherwise stated)

34. INCOME TAX EXPENSES

	2013	2012
Current income tax		
– PRC enterprise income tax (Note (b))	**2,587,798**	2,135,787
Deferred income tax (Note 28)	**290,090**	111,084
	2,877,888	2,246,871
Current PRC land appreciation tax (Note (c))	**2,348,293**	2,135,544
Total income tax expenses (Note (d))	**5,226,181**	4,382,415

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2012: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

In respect of the applicable income tax rates for the year ended 31 December 2013, except for certain companies in the Group which were taxed at 2.5%-3.5% (2012: 2%-3.75%) on their revenue, other businesses within the Group were primarily taxed at 25% (2012: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

(d) The tax on the Group's profit before tax differs from the theoretical amount that would have arisen using the weighted average tax rate applicable to profits of the consolidated companies due to the following:

	2013	2012
Profit before income tax	**12,871,829**	10,041,765
Less: land appreciation tax	**(2,348,293)**	(2,135,544)
	10,523,536	7,906,221
Calculated at tax rate of 25% (2012: 25%)	**2,630,884**	1,976,555
Effects of:		
– Different income tax rate of certain companies	**(23,071)**	44,211
– Share of results of joint ventures and associates	**(76,588)**	(78,910)
– Expenses and development costs not deductible for tax purposes	**326,279**	250,318
– Others	**20,384**	54,697
PRC enterprise income tax	**2,877,888**	2,246,871
Land appreciation tax	**2,348,293**	2,135,544
Tax charge (Note 38)	**5,226,181**	4,382,415

34. INCOME TAX EXPENSES (Continued)

(e) The tax credit/(charge) relating to components of other comprehensive income is as follows:

	2013			2012		
	Before tax	**Tax credit**	**After tax**	Before tax	Tax charge	After tax
Fair value (loss)/gain of available-for-sale financial assets (Note 28)	**(9,800)**	**2,450**	**(7,350)**	46,900	(11,725)	35,175

35. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB2,346,682,000 (2012: RMB2,364,633,000).

36. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2013	2012
Profit attributable to owners of the Company	**7,633,860**	5,501,979
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	**3,194,058**	3,194,367
Earnings per share (RMB per share)	**2.3900**	1.7224

There were no dilutive potential ordinary shares as at 31 December 2013 and 2012.

37. DIVIDENDS

	2013	2012
Interim dividend paid of RMB0.12 (2012: RMB0.10) per ordinary share	**386,684**	322,237
Less: Dividend for shares held for Share Award Scheme	**(3,438)**	(2,800)
	383,246	319,437
Proposed final dividend of RMB0.50 (2012: RMB0.50) per ordinary share	**1,611,184**	1,611,184
Less: Dividend for shares held for Share Award Scheme	**(14,325)**	(14,000)
	1,596,859	1,597,184
	1,980,105	1,916,621

An interim dividend in respect of six months ended 30 June 2013 of RMB0.12 per ordinary share, totalling RMB386,684,000 was declared and paid in 2013 (six months ended 30 June 2012: RMB322,237,000), of which RMB3,438,000 was paid for shares held by Share Award Scheme.

(All amounts in RMB Yuan thousands unless otherwise stated)

37. DIVIDENDS (Continued)

A final dividend in respect of 2012 of RMB0.50 per ordinary share, totalling RMB1,611,184,000 was declared and paid in 2013, of which RMB14,000,000 was declared and paid for shares held by Share Award Scheme.

A final dividend in respect of 2013 of RMB0.50 per ordinary share, totalling RMB1,611,184,000 which is based on the number of shares as at 31 December 2013 is to be approved by the shareholders at the Annual General Meeting ("AGM") on 29 May 2014, of which RMB14,325,000 is to be paid for shares held by Share Award Scheme as at 31 December 2013, This proposed final dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2014. These financial statements do not reflect this dividend payable.

The aggregate amounts of the dividends paid and proposed during 2013 and 2012 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

38. CASH GENERATED FROM OPERATIONS

	2013	2012
Profit for the year	**7,645,648**	5,659,350
Adjustments for:		
– Tax (Note 34)	**5,226,181**	4,382,415
– Interest income (Note 30)	**(151,684)**	(148,183)
– Finance costs (Note 33)	**1,933,742**	1,501,609
– Depreciation (Notes 7 and 31)	**280,649**	265,177
– Amortisation of land use rights and intangible assets (Note 31)	**51,577**	42,791
– Gain on disposal of a subsidiary	**(500)**	–
– Loss on disposal of an associate	**–**	1,421
– (Gain)/loss on disposal of property, plant and equipment (Note 30)	**(2,995)**	746
– Gain on disposal of investment properties (Note 30)	**(406)**	–
– Goodwill disposed for sale of properties, charged to cost of sales (Note 9)	**9,163**	4,898
– Allowance for doubtful debts (Notes 17 and 31)	**21,812**	13,875
– Reversal of allowance for doubtful debts (Notes 17 and 31)	**(12,334)**	(9,778)
– Share of results of joint ventures	**(357,253)**	(402,974)
– Share of results of associates	**50,901**	87,333
– Fair value gain on investment properties-net (Notes 8 and 30)	**(2,436,203)**	(659,663)
– Dividend received on available-for-sale financial assets (Note 30)	**(2,595)**	(2,100)
– Elimination/(realisation) of unrealised profits	**6,931**	(23,659)
– Operating profit before changes in working capital	**12,262,634**	10,713,258
– Changes in working capital:		
– Properties under development and completed properties held for sale	**(16,970,950)**	(7,782,847)
– Trade receivables	**(1,628,816)**	(1,086,837)
– Other receivables, deposits and prepayments	**(2,212,993)**	1,579,563
– Restricted cash	**89,997**	(1,488,478)
– Deposits received on sale of properties	**612,687**	(889,793)
– Accruals and other payables	**2,885,742**	1,817,911
– Business tax payable	**69,461**	74,009
Net cash (used in)/generated from operations	**(4,892,238)**	2,936,786

(All amounts in RMB Yuan thousands unless otherwise stated)

38. CASH GENERATED FROM OPERATIONS (Continued)

In the statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2013	2012
Net book amount of property, plant and equipment (Note 7)	**2,962**	1,182
Gain/(loss) on disposal of property, plant and equipment (Note 30)	**2,995**	(746)
Proceeds from disposal of property, plant and equipment	**5,957**	436

In the statement of cash flows, proceeds from disposal of investment properties comprise:

	2013	2012
Net book amount (Note 8)	**577**	–
Gain on disposal of investment properties (Note 30)	**406**	–
Proceeds from disposal of investment properties	**983**	–

39. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group and the Company as at 31 December 2013 are analysed as below:

	Group		**Company**	
	2013	2012	**2013**	2012
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**16,424,379**	12,551,133	**3,944,495**	5,782,036
Guarantees for borrowings of subsidiaries (Note (b))	**–**	–	**2,971,000**	3,119,250
Guarantees in respect of borrowings of joint ventures and an associate (Notes (c))	**2,754,336**	3,381,216	**1,430,240**	3,294,432
	19,178,715	15,932,349	**8,345,735**	12,195,718

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the bank over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) full mortgage repayment.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loan. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents guarantees provided to subsidiaries of the Group to obtain borrowings. The directors consider that the fair value of these contracts at the date of inception was minimal and understand the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

(c) The balance represents the maximum exposure of the guarantee provided for joint ventures and an associate for their borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

40. COMMITMENTS

(a) Expenditure commitments for properties under development

	Group		Company	
	2013	2012	**2013**	2012
Authorised but not contracted for	**11,277,421**	7,992,007	**3,098,790**	1,168,866
Contracted but not provided for	**27,908,661**	10,915,435	**1,024,952**	451,479
	39,186,082	18,907,442	**4,123,742**	1,620,345

(b) Operating lease commitments

As at 31 December 2013, the Group and the Company had future aggregate minimum lease payments for land use rights and buildings under non-cancellable operating leases as follows:

	Group		Company	
	2013	2012	**2013**	2012
No later than one year	**30,504**	25,631	**3,086**	3,060
Later than one year and no later than five years	**27,964**	39,321	**12,944**	12,725
Over five years	**61,929**	65,792	**41,518**	44,419
	120,397	130,744	**57,548**	60,204

41. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

As at 31 December 2013, the Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	Group		Company	
	2013	2012	**2013**	2012
No later than one year	**699,610**	564,644	**105,643**	65,871
Later than one year and no later than five years	**1,108,343**	1,028,130	**123,253**	82,137
Over five years	**504,815**	622,053	**10,660**	5,051
	2,312,768	2,214,827	**239,556**	153,059

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr Li Sze Lim and Mr Zhang Li (both are national of PRC), who own 33.36% and 32.02%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Provision of restaurant services

	2013	2012
Common shareholders:		
惠州市金鵝溫泉實業有限公司	**6,126**	4,705

ii) Provision of lease of properties

	2013	2012
Common shareholders:		
廣州金貝殼投資有限公司(“廣州金貝殼”)	**1,394**	1,325
An associate:		
廣州利合	**–**	260

iii) Drinking water system charges

	2013	2012
Common shareholders:		
廣州越富環保科技有限公司	**429**	1,410

iv) Key management compensation

	2013	2012
Salaries and welfare benefits	**17,233**	17,245

v) Provision of property management services

	2013	2012
Common shareholders:		
廣州金貝殼	**222**	222
An associate:		
廣州利合	**–**	39

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vi) Purchases of construction materials

	2013	2012
An associate:		
廣州超力混凝土有限公司	–	12,147

vii) Provision of design services

	2013	2012
Joint ventures:		
廣州富景	35,824	9,230
惠州富茂	–	11,937
	35,824	21,167

viii) Provision of construction services

	2013	2012
A joint venture:		
瀋陽億隆	54,409	50,065

ix) Provision of advertising services

	2013	2012
A joint venture:		
廣州富景	18,868	–

x) Lease of an aircraft under operating lease

	2013	2012
Common shareholders:		
Power Ease Investments Limited	16,637	9,659

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xi) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and an associate for project development purpose. As at 31 December 2013, the Group's guarantees for borrowings provided to its joint ventures and an associate are shown as follows:

(a) Bank borrowings

	2013	2012
Joint ventures:		
廣州富景	**199,718**	386,844
Hines Shanghai	**301,733**	501,581
惠州富茂	**–**	100,000
上海悦城	**286,550**	478,300
津南新城	**57,000**	–
Charm Talent	**522,646**	–
	1,367,647	1,466,725
An associate:		
廣州利合	**540,000**	530,000
	1,907,647	1,996,725

(b) Other borrowings

	2013	2012
Joint ventures:		
津南新城	**300,000**	550,000
惠州富茂	**–**	159,000
	300,000	709,000
An associate:		
廣州利合	**546,689**	675,491
	846,689	1,384,491

(All amounts in RMB Yuan thousands unless otherwise stated)

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xii) Balances with related parties

As at 31 December 2013, the Group had the following significant balances with related parties:

	2013	2012
Due from:		
Joint ventures		
– Non-trade balances		
Value Success (Note (a))	**82,740**	85,193
惠州富茂 (Note (b))	**–**	150,646
津南新城 (Note (c))	**835,607**	560,607
瀋陽富力會	**–**	286
森華房地產 (Note (d))	**86,845**	234,845
騰順投資 (Note (d))	**90,552**	–
貴州大西南 (Note (d))	**141,480**	–
瀋陽億隆 (Note (d))	**251,370**	286,263
富力(瀋陽)	**72,969**	–
	1,561,563	1,317,840
– Trade balances		
瀋陽億隆 (Note (e))	**105,214**	99,305
An associate		
– Non-trade balances		
廣州利合 (Note (d))	**2,039,377**	1,139,377
	3,706,154	2,556,522
Due to:		
Joint ventures		
– Non-trade balances		
Hines Shanghai	**144,978**	366,415
上海悦城	**462,000**	362,000
廣州富景	**1,487,984**	367,984
和榮	**451,672**	–
	2,546,634	1,096,399

42. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xii) Balances with related parties (Continued)

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. The trade balances with related parties are interest free, unsecured and to be settled according to contract terms.

(a) It represents borrowings to the joint venture in proportion to the controlling interest pursuant to the joint venture agreement.

(b) The Group acquired the remaining shares in 惠州富茂 in January 2013, which mainly held a piece of undeveloped land at the time. The Group treats it as a wholly-owned subsidiary after the acquisition.

(c) It represents repayment of borrowings and construction costs paid by the Group on behalf of the joint venture.

(d) It represents prepayments for the purchases of land use rights and construction costs paid by the Group on behalf of the joint ventures and an associate.

(e) It represents receivables relating to construction services provided by the Group which will be settled in various construction stages.

43. EVENTS AFTER THE BALANCE SHEET DATE

Issuance of 2014 Senior Notes

On 10 January 2014, a subsidiary of the Group, Trillion Chance Limited issued 8.5% senior notes due 10 January 2019 in the aggregate principal amount of USD1,000,000,000. The net proceeds after deducting the transaction costs amounted to USD982,000,000 approximately.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2013	2012	2011	2010	2009
Non-current assets	**33,781,882**	29,104,301	26,750,409	25,364,801	17,638,060
Current assets	**106,565,240**	69,482,909	57,408,475	52,052,104	48,705,957
Total assets	**140,347,122**	98,587,210	84,158,884	77,416,905	66,344,017
Non-current liabilities	**47,538,473**	31,200,661	20,649,437	22,823,936	19,249,643
Current liabilities	**59,326,606**	40,556,675	40,777,073	34,593,748	30,075,008
Total liabilities	**106,865,079**	71,757,336	61,426,510	57,417,684	49,324,651
Total equity	**33,482,043**	26,829,874	22,732,374	19,999,221	17,019,366

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2013	2012	2011	2010	2009
Revenue	**36,271,284**	30,365,056	27,370,095	24,641,820	18,196,463
Cost of sales	**(22,036,298)**	(17,986,776)	(15,954,244)	(15,348,632)	(12,446,844)
Gross profit	**14,234,986**	12,378,280	11,415,851	9,293,188	5,749,619
Other gains-net	**2,644,420**	825,859	725,872	1,368,239	1,213,455
Selling and marketing costs	**(626,089)**	(454,006)	(471,804)	(425,921)	(370,888)
Administrative expenses	**(1,838,631)**	(1,522,400)	(1,452,454)	(1,121,274)	(978,244)
Other income/(expenses)	**84,533**	–	(9,197)	(35,379)	(247,988)
Operating profit	**14,499,219**	11,227,733	10,208,268	9,078,853	5,365,954
Finance costs	**(1,933,742)**	(1,501,609)	(1,139,152)	(940,847)	(505,334)
Share of results of joint ventures	**357,253**	402,974	(19,131)	(20,544)	(2,427)
Share of results of associates	**(50,901)**	(87,333)	118,218	(47,220)	434
Profit before income tax	**12,871,829**	10,041,765	9,168,203	8,070,242	4,858,627
Income tax expense	**(5,226,181)**	(4,382,415)	(4,333,387)	(3,613,873)	(1,937,394)
Profit for the year	**7,645,648**	5,659,350	4,834,816	4,456,369	2,921,233
Attributable to:					
Owners of the Company	**7,633,860**	5,501,979	4,841,650	4,350,593	2,899,500
Non-controlling interest	**11,788**	157,371	(6,834)	105,776	21,733

PROPERTY LIST

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under-development)							
Guangzhou							
R&F Jingang City (excluding Holiday Inn Airport Hotel Guangzhou)	100%	Modern Avenue, Huadu Town, Huadu District	Residential & Retail	1,119,211	765,243	765,243	Pending
Jingong City Huawei Co. Project	100%	Modern Avenue, Huadu Town, Huadu District	Industrial & Storage	142,571	187,299	187,299	Pending
R&F Tianyu Plaza (Haizhu City)	100%	Southwest of the Interchange of Jiangnan Xi Road and Jiangnan Avenue, Haizhu District	Retail & Office	18,816	137,216	137,216	2014
R&F Yingyao Building (J2-5 Project)	100%	Zone J, Pearl River New Town, Tianhe District	Retail & Office	7,918	149,240	149,240	2015
R&F Spring World	100%	Hot Spring Village, Hot Spring Town, Conghua City	Residential	808,018	330,642	330,642	Pending
R&F Dongshan Xintiandi	100%	Zhongshan First Road, Yuexiu District	Residential, Retail & Office	44,288	273,800	273,800	Pending
R&F Tianxi Garden	100%	Chebei Village North, Tianhe District	Residential	19,246	62,613	62,613	2014
Liede Project	33%	Liede Village, Liede Road, Tianhe District	Apartment, Retail & Office	114,176	403,860	134,647	Pending
Asian Game City Project	20%	Asia Game City, Panyu District	Residential & Retail	2,639,520	3,616,653	723,331	Pending
R&F Jinyu Garden	100%	Zone F, Jinsha Zhou, Baiyun District	Residential	101,355	59,705	59,705	Pending
R&F Tianyue Wan (Nansha Senhua Project)	50%	Western Industrial Zone, Nansha District	Residential	83,222	233,022	116,511	2015
R&F Nansha Tangning	100%	Jinsha Street, Nansha District	Residential	99,641	198,992	198,992	2015
Guangfa Securities Project	40%	M1-5 Land, Pearl River New Town	Office	6,463	157,990	63,196	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Huizhou							
R&F Hot Spring Valley	100%	Maqiao Re Shui Village, Yonghan Town, Longmen County	Residential & Retail	1,330,673	1,142,881	1,142,881	Pending
R&F Bay Shore	100%	Dapu Tun, Renshan Town, Rendong County	Residential & Retail	1,318,673	1,988,903	1,988,903	Pending
R&F Modern Plaza	100%	Huibo Yan Jiang Exit, Luoyang Town, Boluo County	Residential & Retail	79,167	226,672	226,672	2015
Meizhou							
Meizhou R&F City	100%	Meixian New Town	Residential & Retail	662,942	2,351,581	2,351,581	Pending
Hainan							
R&F Bay Shore	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Retail	1,353,396	178,305	178,305	2015
R&F Mangrove Bay	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Retail	4,352,042	2,373,585	2,373,585	2018
R&F Moon Bay Shore	100%	Moon Bay, Changli Town, Wenchang	Residential & Retail	277,160	166,296	166,296	Pending
R&F Int'l Health City	100%	Linlan Bay, Haikou	Residential & Retail	327,851	285,200	285,200	Pending
Changsha and vicinity							
Xiangjiang R&F City	100%	Jiuhua District, Xiangtan	Residential & Retail	1,325,817	3,298,639	3,298,639	Pending
Fuzhou							
R&F Center	100%	Taijiang District	Office	69,817	292,056	292,056	2016
Chongqing							
Chongqing R&F City (excluding Holiday Inn University City Chongqing)	100%	Xiyong Unit, Shaping Ba District	Residential & Retail	1,981,995	4,856,574	4,856,574	Pending
Chengdu							
R&F Peach Garden	100%	South of Zhenhai Du Road West, Xindu Town	Residential	186,650	648,980	648,980	2016
Guiyang							
R&F Center	60%	Chengxin Road	Office	99,272	314,963	188,978	2015

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Shanghai and vicinity							
R&F Bay Shore	100%	West of Wanyuan Road, Dianshan Lake Town, Kunshan	Residential	921,333	150,630	150,630	2014
R&F Peach Garden	100%	Qingpu Industrial Zone, Qingpu District	Residential	231,983	53,912	53,912	2014
Jiayu Wan	50%	New Jiangwan Town, Yangpu District	Residential, Retail, Office & Hotel	142,664	234,577	117,289	Pending
Hongqiao Project	100%	No. 5 & 6 Land, Hongqiao District	Residential, Office & Retail	106,318	249,568	249,568	2015
Nanjing							
Nanjing R&F City	100%	Qilin Science & Technology Parks, Jiangning District	Residential, Office & Hotel	571,864	389,008	389,008	Pending
Hangzhou							
R&F Xixiyue Court	100%	Future Technology City, Yuhang	Residential & Office	177,632	366,978	366,978	2015
Wuxi							
R&F No.10	100%	Taihu New Town	Residential & Retail	111,261	233,648	233,648	2016
Beijing and vicinity							
R&F Danish Town	100%	Pangge Zhuang Town, Daxing District	Residential, Retail & Storage	746,202	207,553	207,553	2014
R&F Shengyue Court	100%	No. 4, Yizhuang Old Dongong Station, Daxing District	Residential & Retail	88,911	135,604	135,604	2014
R&F Golden Jubilee Garden	100%	South of Xincheng Street, Tongzhou District	Residential	73,050	228,676	228,676	2014
R&F Shangyue Court	100%	Majuqiao Town, Tongzhou	Residential & Retail	140,872	325,685	325,685	2015
R&F New Town	100%	East of Daxiang High-way, Jiangxin Tun Town, Xianghe County, Langfang City	Residential	879,551	1,937,660	1,937,660	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Tianjin							
R&F Peach Garden	100%	North of Lishuang Road, West of Weishan Road, Shuanggang Town, Jinnan District	Residential & Retail	166,400	105,272	105,272	2015
R&F Jinmen Lake	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	875,665	875,665	2015
R&F Guangdong Building	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office	23,070	361,101	361,101	2017
Jinnan New Town	25%	Xianshui Gu Town, Jinnan District	Residential, Retail, Office & Hotel	1,289,227	2,926,285	731,571	Pending
Xian							
Xian R&F City (excluding R&F Holiday Inn Xian)	100%	South of North Ring Road, Chang'an District	Residential, Retail & Office	381,814	139,347	139,347	2015
Taiyuan							
Taiyuan R&F City	100%	No. 3, Jinan East Street, Xinhua Ling District	Residential & Retail	1,056,200	1,304,105	1,304,105	2016
R&F Modern Plaza	100%	South of Donger Xiang, Yijing Xi Road, West of Heping Nan Road, Wanbolin District	Residential	87,022	32,246	32,246	2013
R&F Peach Garden	100%	No. 5, Jinan Dong Street, Xinghua Ling District	Residential	195,827	322,687	322,687	Pending
R&F Prosperous Palace	100%	No. 9 Jiefang Road North	Residential & Retail	237,601	821,566	821,566	Pending
Datong							
Datong R&F City	100%	South of Yunzhou Street, Datong City	Residential & Retail	708,112	2,109,754	2,109,754	Pending
Harbin							
R&F Jiangwan New Town	100%	Youyi Xi Road, Daoli District	Residential, Retail & Hotel	120,574	850,000	850,000	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Shenyang							
R&F Royal Villa	67%	Huangshan Village, Taoxian Town, Dongling District	Residential	373,406	42,719	28,481	Pending
Properties for sale (under planning)							
Guangzhou							
Xingangdong Project	100%	No. 27 Xingangdong Road, Haizhu District	Residential	16,235	18,977	18,977	2014
Chebeibei Project	100%	Wenming Road, Chebei Village, Tianhe District	Residential	13,200	49,236	49,236	2015
Baogang Road Project	100%	No. 3 Baogang Road, Haizhu District	Residential & Retail	4,031	43,400	43,400	Pending
Foshan							
Foshan Project	100%	Renminqiao East, Chancheng District	Residential & Retail	51,304	227,524	227,524	Pending
Zhuhai							
Zhuhai Project	100%	Fubang Road East, Hengqin District	Office & Retail	11,466	100,000	100,000	Pending
Fuzhou							
Jinshui Hu Project	100%	Jinshui Hu	Residential, Hotel & Retail	33,874	34,552	34,552	2015
Nanning							
Nanning Project	50%	Wuxiangxin District	Residential	78,721	391,000	195,500	Pending
Chongqing							
R&F Nanshan Villa	100%	No. 99 Nanshan Road, Nanan District	Residential & Retail	79,583	31,540	31,540	Pending
Yubei Project	100%	Yubei District	Residential & Retail	173,630	425,846	425,846	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Nanjing							
R&F Shangyue Court	100%	Banqiao Street, Yuhua District	Residential & Retail	105,021	343,472	343,472	Pending
Hangzhou							
R&F No.10	100%	No. 63 & 64 Land, Yuhang District	Residential & Retail	58,280	78,480	78,480	2016
Wuxi							
Wuxi R&F City	100%	New District	Residential & Retail	235,669	518,472	518,472	Pending
Beijing							
Tongzhou Project	100%	Core Area, Tongzhou District	Office & Apartment	69,796	465,800	465,800	Pending
R&F Huilan Meiju	100%	Yongshun Town, Tongzhou District	Residential	195,800	466,400	466,400	Pending
Tianjin							
R&F New Town	100%	Tuanbo Town, Jingan Town	Residential & Retail	1,440,497	2,160,999	2,160,999	Pending
R&F Shangyue Court	100%	Wuqing District	Residential & Retail	119,493	230,616	230,616	Pending
Xian							
Bailu Wan Project	100%	Fangzhi New Town, Baqiao District	Residential & Retail	111,330	333,990	333,990	Pending
Harbin							
R&F New Town	100%	Songbei District	Residential & Retail	399,198	832,500	832,500	Pending
Shenyang							
R&F Shangyue Court	100%	Oubo City, Dadong District	Residential & Retail	96,553	231,727	231,727	Pending
Baotou							
Baotou R&F City	100%	Xindushi District	Residential, Office, Apartment & Retail	426,911	1,463,631	1,463,631	Pending
Malaysia							
Malaysia Project	100%	District of Johor Bahru, Malaysia	Residential, Office & Retail	400,000	3,500,000	3,500,000	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for investment (completed)							
Guangzhou							
R&F Cambridge Terrace Shopping Mall	100%	Dongguan Zhuang Road, Tianhe District	Retail	-	42,993	42,993	N/A
R&F West Garden Shopping Mall	100%	Huanshi Xi Road, Liwan District	Retail	-	3,570	3,570	N/A
R&F King's Court (Commerical)	100%	Xiaomei Street, Liwan District	Office	-	9,184	9,184	N/A
R&F Square (North Court) Shopping Mall	100%	Zhongshan Eighth Road, Liwan District	Retail	-	8,455	8,455	N/A
R&F Children World	100%	Zhongshan Eighth Road, Liwan District	Retail	-	16,307	16,307	N/A
R&F Square Zone B Shopping Mall	100%	Zhongshan Eighth Road, Liwan District	Retail	-	2,213	2,213	N/A
R&F Modern Plaza - Jiaxin Commerical Center	100%	Gexin Road, Haizhu District	Retail	-	29,000	29,000	N/A
R&F Center	100%	Zone J, Pearl River New Town, Tianhe District	Office	8,117	162,605	162,605	2007
Grand Hyatt, Guangzhou	100%	Zone F, Pearl River New Town, Tianhe District	Hotel	10,291	114,498	85,596	2008
The Ritz-Carlton, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	6,895	104,322	104,322	2008
Beijing							
Renaissance Beijing Capital Hotel	100%	North of Guangqu Men Wai Street, Chaoyang District	Hotel, Office & Retail	43,703	120,349	120,349	2008
Viva Beijing R&F Plaza	100%	North of Guangqu Men Wai Street, Chaoyang District	Retail	-	110,636	110,636	2008
R&F Centre	100%	North of Guangqu Men Wai Street, Chaoyang District	Office	-	59,600	59,600	2008
Holiday Inn Express Temple of Heaven Beijing	100%	No. 35 Court, Nanwei Road, Xuanwu District	Hotel	6,190	22,302	22,302	2008

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Tianjin							
Tianjin R&F City Complex (Retail)	100%	West of East Road, Nankai District	Retail	-	42,669	42,669	2013
Chongqing							
R&F Ocean Plaza (Retail)	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Retail	-	72,675	72,675	2012
Hyatt Regency, Chongqing	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Hotel	16,137	46,439	46,439	2012
Chengdu							
R&F Tianhui Mall	100%	Shuncheng Street, Qingyang District	Retail	-	254,626	254,626	2010
The Ritz-Carlton, Chengdu	100%	Shuncheng Street, Qingyang District	Hotel	-	59,171	59,171	2013
Huizhou							
Renaissance Huizhou Hotel	100%	Yanjiang Economic Circle, Jiangbei New District	Hotel	15,000	54,321	54,321	2012
Properties for investment (under-development)							
Guangzhou							
Park Hyatt, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	7,944	65,504	65,504	Pending
Holiday Inn Airport Guangzhou	100%	Modern Avenue, Huadu District	Hotel	4,405	37,826	37,826	2014
Conrad Guangzhou	33%	Liede Village, Liede Road, Tianhe District	Hotel	-	39,446	13,151	Pending
Hainan							
Lingshui R&F Bay Shore Marriott & Yachi Club	100%	Zone B, Xiangshuiwan, Lingshui County	Hotel	50,000	75,837	75,837	Pending
Doubletree Resort by Hilton Haikou-Chengmai	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Hotel	-	38,000	38,000	Pending
R&F Ocean Park	100%	International Tourism Island, Lingshui County	Hotel, Travel & Retail	666,667	200,000	200,000	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Tianjin							
Marriott Hotel Tianjin	100%	West of East Road, Nankai District	Hotel	23,000	57,788	57,788	Pending
Chongqing							
Holiday Inn University City Chongqing	100%	Xiyong Unit, Shaping Ba District	Hotel	30,893	67,612	67,612	Pending
Huizhou							
Hilton Huizhou Longmen Resort	100%	Maqiao Re Shui Village, Yonghan Town, Longmen County	Hotel	-	45,000	45,000	Pending
Taiyuan							
Pullman Taiyuan R&F Hotel ^	100%	Taiyuan R&F City	Hotel	-	41,000	41,000	2014
Properties for investment (under planning)							
Shanghai							
Hyatt Place, Shanghai ^	100%	Shanghai Jiayu Wan	Hotel	-	15,700	15,700	Pending
Xian							
R&F Holiday Inn, Xian	100%	Beihuan Road, Changan District	Hotel	6,880	50,000	50,000	Pending
Harbin							
The Ritz-Carlton, Harbin ^	100%	Harbin R&F Jiangwan New Town	Hotel	-	67,000	67,000	Pending

Note: ^ GFA of the three hotels are included in the corresponding properties for sale

CORPORATE INFORMATION

Executive Directors	Li Sze Lim, Zhang Li, Zhou Yaonan, Lu Jing
Non-executive Directors	Zhang Lin, Li Helen
Independent Non-executive Directors	Huang Kaiwen, Dai Feng (resigned on 28/2/2014), Lai Ming Joseph
Supervisors	Chen Liangnuan, Liang Yingmei, Zheng Ercheng
Authorized Representatives	Li Sze Lim, Chow Oi Wah Fergus
Company Secretary	Chow Oi Wah Fergus
Registered Office in the PRC	45-54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	21 August 2013
Interim dividend paid	27 September 2013
Final results announcement	20 March 2014
Closure of register of members (for annual general meeting)	29 April to 29 May 2014 (both days inclusive)
Closure of register of members (for entitlement of final dividend)	9 June to 13 June 2014 (both days inclusive)
Annual general meeting	29 May 2014
Final dividend payable date	To be announced

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

	Stock Price*	
Year	**High** HK$	**Low** HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only