WARDERLY INTERNATIONAL HOLDINGS LIMITED
匯多利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 607)

Annual Report 2013

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Ji Changqun *(Chairman and CEO)*
Mr. Eddie Hurip
Mr. Shi Zhiqiang
Mr. Zhou Yanwei

Independent Non-executive Directors
Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
43th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY SECRETARY

Ms. Seto Ying

AUDIT COMMITTEE

Mr. Chow Siu Lui *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

REMUNERATION COMMITTEE

Mr. Lau Chi Keung *(Chairman)*
Mr. Ji Changqun
Mr. Tsang Sai Chung

NOMINATION COMMITTEE

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

PRINCIPAL BANKER

Hang Seng Bank Limited
Bank of China Limited Yancheng
Chengzhong Sub-branch
China Minsheng Banking Corp., Ltd.
Chongqing Branch

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1118, 11/F,
Admiralty Centre Tower II
18 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Standard Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong
(To be relocated to Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong
with effect from 31 March 2014)

WEBSITE

warderly.todayir.com

STOCK CODE

607

Biographical Details of Directors

DIRECTORS

Executive Directors

Mr. Ji Changqun (''Mr. Ji''), aged 45, was appointed as an executive director (the "Director") of Warderly International Holdings Limited (the "Company"), chief executive officer, the chairman of the board of Directors (the "Board"), the chairman of nomination committee and a member of remuneration committee of the Company on 12 December 2013. Mr. Ji has over six years of management experience in the real estate industry in the PRC. Mr. Ji has been a director and the chairman of Nanjing Fullshare Industrial Holding Co. Limited (南京豐盛產業控股集團有限公司, "Nanjing Fullshare Holding") since November 2002. He obtained a diploma of adult higher education majoring in highway and city road issued by Nanjing Associated Workers' College (南京聯合職工大學) in February 1999. Mr. Ji studied the courses for postgraduates majoring in management science and engineering in Southeast University from September 2003 to September 2005. Mr. Ji obtained a master's degree majoring in business administration issued by Macau University of Science and Technology in June 2006. Mr. Ji is a PRC senior engineer and senior economist. Mr. Ji worked as the project manager and the branch manager of Nanjing Jiasheng Infrastructure Engineering Co., Ltd. (南京嘉盛基礎建設工程有限公司) from March 1993 to August 1995. Mr. Ji worked as the deputy general manager and the general manager of Jiasheng Construction Group Co., Ltd. (嘉盛建設集團有限公司) from September 1995 to November 2011. Mr. Ji holds a lot of important social positions, including the representative of People's Congress of Nanjing, the vice chairman of Jiangsu Federation of Industrial Economics, Jiangsu Enterprise Confederation and Jiangsu Enterprise Directors Association, the chairman of Anhui Chamber of Commerce of Jiangsu (江蘇省安徽商會), the vice president and vice chairman of Nanjing Federation of Industry and Commerce, the vice chairman of Nanjing Yuhuatai District Private and Individual Economy Association and Nanjing Overseas Exchange Association, the member of the council of Nanjing University, the guest professor of Nanjing University of Chinese Medicine, the dean of Fullshare Health Institute (豐盛健康學院). Mr. Ji was awarded with various honors, including Nanjing Model Worker in 2006, Outstanding Contribution Entrepreneur of Jiangsu Construction Industry (江蘇省建築業突出貢獻企業家) in 2007, Nanjing Guangcai Programme Star (南京市光彩事業之星) in 2010, National Outstanding Entrepreneur on Staff Caring in Private Sector (全國關愛員工優秀民營企業家) in 2011, May 1 Labour Medal award winner of Jiangsu Province (江蘇省五一勞動獎章) in 2012, Outstanding Builder of Socialism with Chinese Characteristics of Jiangsu Province (江蘇省優秀中國特色社會主義事業建設者) in 2012, and Top 10 Integrity Models (十大誠信標兵) issued by Jiangsu Province in 2012.

Mr. Shi Zhiqiang (''Mr. Shi''), aged 38, was appointed as an executive Director of the Company on 25 November 2013 and chief investment officer of the Company on 1 January 2014. Mr. Shi has over four years of management experience in the real estate industry in the PRC. Mr. Shi has been a director, the general manager and the legal representative of Nanjing Fullshare Asset Management Limited (南京豐盛資產管理有限公司, "Nanjing Fullshare Asset Management") since its establishment in July 2012 and resigned as the director and the legal representative of Nanjing Full Share Asset Management on 12 November 2013. Mr. Shi has been a director, the general manager and the legal representative of Jiangsu Province Fullshare Property Development Limited (江蘇省豐盛地產開發有限公司, "Jiangsu Fullshare Property") since August 2012 and a director of Chongqing Tongjing Changhao Property Limited (重慶同景昌浩置業有限公司, "Chongqing Tongjing") since July 2011. Mr. Shi was also appointed as a director of Mighty Fame Limited on 12 December 2013. Mr. Shi obtained a diploma majoring in financial accounting issued by the Township Enterprise Management Institution organised by the Department of Agriculture of the PRC. Mr. Shi is a PRC accountant and an international certified internal auditor. Mr. Shi worked as the financial manager of Jiangsu Zhongda Communication Industry Co., Ltd. (江蘇中大通信實業有限公司) from December 2004 to July

Biographical Details of Directors

2005. Mr. Shi worked as the deputy manager of financial management, audit manager, audit director, chief financial officer of Nanjing Fullshare Holding from July 2005 to March 2011. Mr. Shi worked as a director of Nanjing Fullshare Holding from June 2011 to April 2013 and the assistant to the chairman of Nanjing Fullshare Holding from March 2011 to January 2013.

Mr. Zhou Yanwei (''Mr. Zhou''), aged 63, was appointed as an executive Director of the Company on 12 December 2013. Mr. Zhou has over four years of management experience in the real estate industry in the PRC. Mr. Zhou has been the head of Yancheng department of Nanjing Fullshare Holding since April 2011, a director and the chairman of Jiangsu Fullshare Property since November 2012 and the deputy general manager and the head of the cost management centre of Nanjing Fullshare Asset Management since January 2013. Mr. Zhou obtained a diploma majoring in highway and bridge issued by Jinling Vocational College in July 1993 and was a PRC senior engineer. Mr. Zhou worked as the section chief of Nanjing Highway Construction Place (南京市公路建設處) from September 1989 to January 1996, and the chief of division, chief engineer and secretary of Nanjing Municipal Engineering Construction Place (南京市市政工程建設處) from January 1996 to March 2008. Mr. Zhou worked as the general manager and the deputy general manager of the real estate department of Nanjing Fullshare Holding from April 2008 to July 2010. Mr. Zhou worked as the general manager of Jiangsu Fullshare Property from December 2009 to August 2012 and a director of Jiangsu Fullshare Property from April 2009 to July 2012 and was reappointed as a director of this company in November 2012.

Mr. Eddie Hurip (''Mr. Hurip''), aged 55, was appointed as an executive Director and chief operating officer of the Company on 25 November 2013 and 1 January 2014 respectively. Mr. Hurip has over five years of management experience in the real estate industry in the PRC and Hong Kong. Mr. Hurip has been responsible for providing consulting services for the acquisition of Nanjing Fullshare Asset Management and the resumption of trading in the shares of the Company (the "Shares") since October 2012. Mr. Hurip obtained a bachelor's degree in Electrical Engineering and Computer Science from the University of California, Berkeley and an Executive MBA degree from the Marshall Business School of the University of Southern California. Mr. Hurip was a director of China Ever Bright Real Estate Development Limited from 2006 to 2010.

Independent Non-executive Directors

Mr. Lau Chi Keung (''Mr. Lau''), aged 65, was appointed as an independent non-executive Director, the chairman of remuneration committee, a member of nomination committee and audit committee of the Company on 12 December 2013. Mr. Lau has over 38 years of management experience in the real estate industry in the PRC and in Hong Kong. Mr. Lau obtained a higher diploma majoring in surveying/building technology issued by Hong Kong Technical College (currently known as Hong Kong Polytechnic University) in 1970. Mr. Lau was admitted fellow member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively in 1987. Mr. Lau was appointed as a director of Henderson Investment Limited in 1995 and was appointed as a director of Henderson China Development Limited in 2005. Mr. Lau served in many social positions, including a member of the Construction Industry Training Authority, a member of the Administrative Appeals Board from 2003 to 2009 and an external examiner respectively of the Hong Kong University – B.Sc. (Hons) Degree in Surveying from 1998 to 2001 and of the Hong Kong Polytechnic University — B.Sc. (Hons) programme in Building Surveying from 2005 to 2007. Mr. Lau currently holds several social positions, including a member of the Disciplinary Panel of Hong Kong Institute of Surveyors, a member of the Appeal Tribunal Panel of Planning and Lands Branch, Development Bureau of Government Secretariat. Mr. Lau was awarded with ''Justice of the Peace'' issued by the Hong Kong government in 2001 and ''Medal of Honour'' issued by the Hong Kong government in 2005.

Biographical Details of Directors

Mr. Chow Siu Lui ("Mr. Chow"), aged 53, was appointed as an independent non-executive Director and the chairman of audit committee of the Company on 12 December 2013. Mr. Chow is the Managing Director (Private Equities) of VMS Investment Group. Mr. Chow is currently a council member and the Treasurer of the Hong Kong Institute of Chartered Secretaries and the chairman of the Mainland Development Strategies Advisory Panel of the Hong Kong Institute of Certified Public Accountants. Previously, he was a member of both of the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Dual Filing Advisory Group of the Securities and Futures Commission. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountant, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Chow had been working with one of the four largest certified public accounting firms in the world as a partner for many years. He has an in-depth knowledge on the accounting standards and business regulations in Hong Kong. Mr. Chow was appointed as an independent non-executive director of NWS Holdings Limited (Hong Kong stock code: 00659) and a member of the nomination committee of this company on 1 March 2012 and resigned on 12 June 2012.

Mr. Tsang Sai Chung ("Mr. Tsang"), aged 50, was appointed as an independent non-executive Director and a member of audit committee, remuneration committee and nomination committee of the Company on 12 December 2013. Mr. Tsang obtained a bachelor's degree of arts from the University of Hong Kong in 1985 and completed PCLL programme in University of Hong Kong in 1993. Mr. Tsang undertook his trainee programme and worked as an associate of Baker & McKenzie from September 1993 to January 1999. He then moved to in house with various companies and worked as an executive director, general counsel and company secretary of HKC (Holdings) Limited (Hong Kong stock code: 00190) from April 2004 to September 2009. Mr. Tsang has been the general counsel and company secretary of Sa Sa International Holdings Limited (Hong Kong stock code: 00178) since September 2012.

Senior Management

Mr. Liu Yi ("Mr. Liu"), aged 45, has been the head of the product management centre of Nanjing Fullshare Asset Management since October 2012. Mr. Liu obtained a bachelor's degree majoring in agriculture issued by Nanjing Agricultural University in July 1991 and a master's degree majoring in business administration issued by Nanjing University in December 2003. Mr. Liu worked as the deputy general manager of Nanjing Orient Consulting Co., Ltd. (南京東方智業管理顧問有限公司) from January 2003 to October 2005, and the assistant president of Landsea Real Estate Group (朗詩地產集團) and the general manager of its property management company from November 2005 to May 2010. Mr. Liu worked as the executive general manager of Nanjing Fullshare New Energy Science & Technology Co., Ltd. (南京豐盛新能源科技股份有限公司) from May 2010 to May 2011, and the deputy general manager of district company (區域公司) of Greentown Orient Construction Management Co., Ltd. (綠城東方建設管理有限公司) from April 2011 to October 2012.

Mr. Zhu Jihua ("Mr. Zhu"), aged 44, has been the head of the finance management centre of Nanjing Fullshare Asset Management since January 2013. Mr. Zhu obtained a diploma issued by Nanjing Agricultural Technology College in July 1994 and the certificate of medium level accountant in October 2001. Mr. Zhu worked at Suning Real Estate Group Co., Ltd. (蘇寧置業集團有限公司) from October 1996 to March 2010 and was the deputy chief financial officer when he resigned. Mr. Zhu worked as the chief financial officer for projects, the fund head and the deputy head of the budget and cost division of the real estate department of Nanjing Fullshare Holding from April 2010 to November 2012.

Biographical Details of Directors

Mr. Zhao Hu (''Mr. Zhao''), aged 37, has been the head of the investment development centre of Nanjing Fullshare Asset Management since January 2013. Mr. Zhao obtained a bachelor's degree majoring in real estate operation and management issued by Nanjing Institute of Architectural and Civil Engineering (南京建築工程學院) in July 1998 and a master's degree majoring in project management issued by Nanjing University of Technology in December 2010. Mr. Zhao worked as the manager of the real estate investment department and the senior manager of investment department of Nanjing Fullshare Holding from June 2006 to December 2012. Mr. Zhao has been a member of the real estate management committee of Nanjing Fullshare Holding since March 2011.

Ms. Seto Ying (''Ms. Seto''), aged 37, was appointed as the company secretary and the financial controller of the Company on 12 December 2013. Ms. Seto resigned as an executive Director of the Company on 12 December 2013. Ms. Seto was also appointed as a director and the legal representative of Nanjing Fullshare Asset Management on 12 November 2013. Ms. Seto obtained a bachelor's degree majoring in business administration in accountancy issued by the Chinese University of Hong Kong in 1998. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a graduate member of the Hong Kong Institute of Chartered Secretaries. Ms. Seto has more than 10 years of experience in the field of finance and accounting including working in an international accounting firm.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the audited annual results of the Group for the year ended 31 December 2013.

During 2013, the Group carved out its household appliances business and changed its principal activities to property development and sales, and through passing re-listing IPO examination, changing the actual controller and management team, open offer of shares and issuance of convertible bonds, the Group raised HK$584.40 million, successfully resolved all previous indebtedness and acquired the entire equity interest of Nanjing Fullshare Asset Management Limited* (南京豐盛資產管理有限公司) and its subsidiary. After suspension for more than six years, the Group resumed trading in the shares of the Company (the "Shares") on 16 December 2013, and the price of the Shares rose from HK$0.133 to HK$0.260 (closing price on 31 December 2013).

After years of development, the real estate market of China is increasingly standardised and mature. The Board members and management team of the Group are outstanding talents in their respective professions. I will rely on our core team and uphold the culture and philosophy of "Healthily and happily growing business together and sharing the fruits" to provide the staff with a happy working environment, maintain steady business development and reward shareholders with sustaining and stable investment return.

Lastly, on behalf of the Board, I wish to express my sincere gratitude to the shareholders for their support and trust. I would also like to thank the Board, the management and staff for their hard work over the last year.

Ji Changqun
Chairman and executive Director

Hong Kong, 28 February 2014

Management Discussion and Analysis

Warderly International Holdings Limited (the "Company") (together with its subsidiaries, the "Group") published a circular relating to a very substantial acquisition and reverse takeover and other matters on 28 October 2013 and trading in shares of the Company resumed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 December 2013.

BUSINESS REVIEW

The Group's revenue mainly came from sales of real properties.

Property sales

For the twelve months ended 31 December 2013 (the "Review Period"), the revenue of property sales of the Group was approximately RMB859,393,000, representing a growth of 115.31% over the same period of 2012. The Group delivered properties with an aggregate gross floor area ("GFA") of approximately 156,960 sq.m. and one car parking space (27.68 sq.m.). Gross profit margin for property sales decreased to 27% comparing to 2012. For the twelve months ended 31 December 2013, the average selling price recognised was RMB5,475 per sq.m. and the average selling price of car parking space recognised was RMB82,128 each.

For the twelve months ended 31 December 2013, the Group made contracted sales of approximately RMB465,481,000, representing a decrease of 29.66% over the same period of 2012. The Group made contracted sales for an aggregate GFA of approximately 76,272.71 sq.m. and one car parking space (27.68 sq.m.), representing a decrease of 31.75 % and 92.85% respectively over the same period of 2012.

As of 31 December 2013, the Group's contracted sales with contract signed but not yet delivered were RMB603,476,000 with a total area of 95,532.44 sq.m., which laid a solid foundation for the sustaining and steady growth of its future revenue.

Progress of property development for the JiuZongGou land parcel (九總溝地塊) in Yancheng, Jiangsu, the PRC

As of the date of this report, the Group's development of the JiuZongGou land parcel located at east of Kaichuang Road in Yancheng, Jiangsu is still in the preliminary planning stage. The development will mainly consist of high-rise apartment buildings with commercial ancillary facilities and a kindergarten. The Group expected phase 1 construction of the project to commence in June 2014.

Projects held for future development

As of 31 December 2013, there was no addition of project held for future development.

As at 31 December 2013, the Group had projects held for future development as follows:

XiChengFuDi (西城府邸): XiChengFuDi occupies a total site area of approximately 139,205 sq.m. and is expected to have an aggregate GFA of approximately 421,621 sq.m. and an aggregate saleable area of approximately 415,048 sq.m. upon completion. As of 31 December 2013, the project has an aggregate GFA of approximately 278,570 sq.m. held for future development.

JiuZongGou Land Parcel (九 總 溝 地 塊): The Group wholly owned a parcel of land with a total site area of approximately 89,123 sq.m. which is held for future development. As of 31 December 2013, the project has an aggregate GFA of approximately 277,881 sq.m. held for future development.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased from approximately RMB399,140,000 for the twelve months ended 31 December 2012 to approximately RMB859,393,000 for the twelve months ended 31 December 2013. The increase was mainly due to the completion and delivery of section 2 of phase 3 of XiChengYiPin (西城逸品), phase 1 of TongJingYueCheng (同景躍城) and ShuXiangYuan (書香苑) during the middle of 2013. The relevant delivered GFA of the Group's properties increased from approximately 83,149 sq.m. for the twelve months ended 31 December 2012 to approximately 156,987 sq.m. for the twelve months ended 31 December 2013.

Cost of sales

The cost of sales of the Group increased approximately 156% from approximately RMB245,051,000 for the twelve months ended 31 December 2012 to approximately RMB627,327,000 for the twelve months ended 31 December 2013. The significant increase was mainly due to the completion and delivery of section 2 of phase 3 of XiChengYiPin (西城逸品), Phase 1 of TongJingYueCheng (同景躍城) and ShuXiangYuan (書香苑) during the middle of 2013.

Management Discussion and Analysis

Gross profit and margin

Due to the foregoing, the gross profit of the Group increased approximately 51% from approximately RMB154,089,000 for the twelve months ended 31 December 2012 to approximately RMB232,066,000 for the twelve months ended 31 December 2013.

The gross profit margin of the Group for the twelve months ended 31 December 2013 was approximately 27%, decreasing approximately 39% as compared to the same period of last year. This was mainly attributable to the higher cost of section 2 of phase 3 of XiChengYiPin (西城逸品) comparing to other projects.

Other income

Other income increased approximately 12% from approximately RMB2,067,000 for the twelve months ended 31 December 2012 to approximately RMB2,307,000 for the twelve months ended 31 December 2013. In line with 2012, other income mainly consisted of interest income.

Selling and distribution expenses

Selling and distribution expenses of the Group increased approximately 41% from approximately RMB21,109,000 for the twelve months ended 31 December 2012 to approximately RMB29,858,000 for the twelve months ended 31 December 2013. This was mainly due to the significant increase in the volume of pre-sold properties throughout 2013 which led to a corresponding increase in related selling and distribution expenses.

Administrative expenses

Administrative expenses of the Group decreased approximately 7% from approximately RMB27,656,000 for the twelve months ended 31 December 2012 to approximately RMB25,816,000 for the twelve months ended 31 December 2013. This was mainly due to the implementation of cost saving policy and strict cost control.

Fair value loss on convertible bonds

For the year ended 31 December 2013, the Group incurred a loss of approximately RMB292,866,000 on fair value assessment of convertible bonds. This was due to the non-cash accounting loss incurred as a result of the change in fair value of the convertible bonds in the principal amount of HK$500 million during the period from the completion of subscription on 12 December 2013 to 31 December 2013.

Finance costs

For the year ended 31 December 2013, the Group incurred finance costs of approximately RMB412,000, which represents the interest expense accrued for the convertible bonds in the principal amount of HK$500 million at the interest rate of 2% per annum over the period from the completion of subscription on 12 December 2013 to the end of 2013.

Profit/loss before taxation from continuing operation

Profit before taxation of the Group was approximately RMB107,391,000 for the twelve months ended 31 December 2012. The Group incurred loss before taxation of approximately RMB113,255,000 for the twelve months ended 31 December 2013. This was mainly due to the loss of approximately RMB292,866,000 on fair value assessment of convertible bonds more than offset the increase of profit before tax of approximately RMB74,937,000 arising from the delivery of XiChengYiPin (西城逸品), ShuXiangYuan (書香苑) and phase 1 of TongJingYueCheng (同景躍城) during 2013.

Taxation

Loss for the year from discontinued operations

Loss for the year from discontinued operations was approximately RMB32,042,000 which was the result of the goodwill impairment loss of approximately RMB32,980,000 from the reverse takeover transaction.

Profit/loss for the year

For the year ended 31 December 2013, the Group recorded a loss of approximately RMB233,380,000 (2012: profit of approximately RMB33,397,000).

Excluding the fair value loss of approximately RMB292,866,000 from the convertible bonds and the impairment loss on goodwill from discontinued operation of approximately RMB32,042,000, the Group would have recorded a net profit for the year of approximately RMB91,528,000 for the year ended 31 December 2013.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations mainly by internally generated funds and borrowings.

Cash position

As at 31 December 2013, the Group had cash and bank balances of approximately RMB116,358,000 (31 December 2012: RMB154,074,000), a decrease of approximately 24% from 31 December 2012.

Bank and other borrowings

As at 31 December 2013, the Group had total bank and other borrowings of approximately RMB270,000,000, including bank loans of approximately RMB180,000,000 and other loans of approximately RMB90,000,000. Among the total bank and other borrowings, approximately RMB155,000,000 is repayable within one year and approximately RMB115,000,000 more than one year but not exceeding two years.

Convertible bonds

As at 31 December 2013, the fair value of the Group's convertible bonds in the principal amount of HK$500 million was approximately RMB683,247,000. As they are convertible bonds with a term of five years, they were classified as long-term liabilities.

Leverage

The Group had total cash and bank balances of approximately RMB116,358,000 as at 31 December 2013 (2012: approximately RMB154,074,000). Balances of bank and other borrowings, amounts due to related parties and convertible bonds were approximately RMB953,247,000 as at 31 December 2013 (2012: approximately RMB292,609,000). The gearing ratio of the Group as at 31 December 2013, calculated as a ratio of total bank and other borrowings, amounts due to related parties and convertible bonds to total assets, was approximately 65% (2012: approximately 17%). Net liabilities were approximately RMB194,745,000 (2012: net assets of approximately RMB389,709,000).

The Group recorded total current assets of approximately RMB1,456,999,000 as at 31 December 2013 (2012: approximately RMB1,678,867,000) and total current liabilities of approximately RMB861,664,000 (2012: approximately RMB1,191,387,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.7 as at 31 December 2013 (2012: approximately 1.4).

FOREIGN EXCHANGE EXPOSURE

Sales and purchases of the Group were transacted in Renminbi. Save for the convertible bonds in the principal amount of HK$500 million were denominated in Hong Kong dollar, most of the Group's monetary assets and liabilities were denominated in Renminbi. The Directors of the Company awared that the fluctuations in exchange rate between Hong Kong dollar and Renminbi may give rise to potential foreign currency risk. The Group currently did not have a foreign currency and interest rate hedging policy and will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

TREASURY POLICIES

Save for the convertible bonds in the principal amount of HK$500 million were denominated in Hong Kong dollar and bear interest at fixed rates per annum, the Group's borrowings are in Renminbi and mainly at variable interest rates. Bank balances and cash held by the Group were denominated in Renminbi and Hong Kong dollar. The Group currently did not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

PLEDGE OF ASSETS

Details of the Group's pledged assets for the year ended 31 December 2013 are set out in note 39 to the consolidated financial statements.

INVESTMENT

Details of the Group's investment properties for the year ended 31 December 2013 are set out in note 19 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the Review Period, save for the acquisition of the entire equity interests in Nanjing Fullshare Asset Management Limited* (南京豐盛資產管理有限公司) and its subsidiary (details of which were disclosed in the circular of the Company published on 28 October 2013), there was no other material acquisition. The acquisition was completed on 12 December 2013 and constituted a very substantial acquisition under Chapter 14 of the Listing Rules.

On 18 January 2013, the Company disposed of the entire interests in Rich Honest (Europe) Limited ("RHE") and Olevia Home Appliances Limited ("Olevia"), which are incorporated in Hong Kong with limited liability and Warderly Group Limited ("WGL"), which is incorporated in the British Virgin Islands with limited liability, at a cash consideration of HK$1 each to Mr. Kan Che Kin, Billy Albert, a former executive director and controlling shareholder of the Company. The principal activities of RHE, Olevia and WGL are manufacturing and sale of electrical appliances, development and distribution of household electrical appliances and investment holding respectively and they have been dormant since October 2011, April 2012 and April 2007 respectively. The disposal of RHE, Olevia and WGL constituted a connected transaction under Chapter 14A of the Listing Rules and a disclosable transaction under Chapter 14 of the Listing Rules.

On 5 April 2013, the Company entered into a disposal agreement to dispose of the entire interest in Up Stand Holdings Limited ("Up Stand"), a wholly owned subsidiary of the Company, and its subsidiary, Dongguan Up Stand Electrical Manufacturing Company Limited, whose principal activities are manufacturing and sale of household electrical appliances and audio-visual products. The disposal of Up Stand was completed on 12 December 2013. The disposal of Up Stand constituted a connected transaction under Chapter 14A of the Listing Rules and a very substantial disposal under Chapter 14 of the Listing Rules. Details of the disposal of Up Stand are included in note 36 to the consolidated financial statements.

The Company confirms that it has complied with all the disclosure requirements under Chapters 14 and 14A of the Listing Rules.

SEGMENTAL INFORMATION

Details of segmental information of the Group for the year ended 31 December 2013 are set out in note 9 to the consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group for the year ended 31 December 2013 are set out in note 38 to the consolidated financial statements.

Management Discussion and Analysis

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group for the year ended 31 December 2013 are set out in note 40 to the consolidated financial statements.

STAFF AND REMUNERATION POLICIES

As at 31 December 2013, the Group had about 106 employees (2012: 77 employees). The Group's total staff costs (including executive Directors' remuneration) amounted to approximately RMB14,112,000 for the year ended 31 December 2013 (2012: RMB7,004,000).

Employee remunerations are determined according to operating results of the Company, job requirement, market salary level and ability of individuals. The Company regularly reviews its remuneration policy and programs and makes adjustment to bring them in line with industrial level. In addition to basic salaries, the Company has established revenue sharing program and performance appraisal plan to provide reward according to the Company's results and employees' individual performance.

SUBSEQUENT EVENTS

No significant event occurred after the balance sheet date.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's interim and annual reports and financial statements. The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2013. The audit committee of the Company currently comprises three independent non-executive Directors.

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

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

PROSPECT

The Group expects that the PRC government will continue the control measures to maintain the healthy development of the property market. However, as the pace of urbanization accelerates, the rigid demand for property will be huge and the quest for quality properties has become a major trend. The Group's positioning matches well with this trend and therefore will have great potential for development and growth.

Corporate Governance Report

CORPORATE GOVERNANCE CODE

Warderly International Holdings Limited (the "Company") is committed to maintain a high standard of corporate governance. It believes that high standard of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (collectively, the "Group") to manage business risks, enhance transparency, maintain high standard of accountability and protect interests of shareholders of the Company (the "Shareholders") and other stakeholders.

The Company has complied with the Code Provisions of the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2013 except for the following deviations:

1. **Code Provision A.2.1**

   Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate. During the year, the positions of chairman and chief executive officer of the Company ("CEO") were held by Mr. Kan Che Kin, Billy Albert ("Mr. Kan") until 12 December 2013 and the positions were then taken up by Mr. Ji Changqun ("Mr. Ji"). The board of directors (the "Directors") of the Company (the "Board") believed that holding of both positions of chairman and CEO by the same person allowed more effective planning and execution of business strategies. The Board has full confidence in Mr. Ji and believes that his dual roles will be beneficial to the Group.

2. **Code Provision A.4.1**

   Non-executive Directors should be appointed for specific term, subject to re-election. The independent non-executive Directors ("INEDs") were not appointed for a specific term, but they were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company (the "Articles of Association") at least once every three years. On 12 December 2013, Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong resigned as INEDs and Mr. Chi-Keung Lau, Mr. Chow Siu Lui and Mr. Tsang Sai Chung were appointed as INEDs.

3. **Code Provision A.1.8**

   Under the Code Provision A.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors. Before the resumption of trading in the shares of the Company (the "Shares"), the Company did not arrange such insurance coverage for the Directors due to its suspension status.

   Following the resumption of trading in Shares, the Company has arranged appropriate insurance coverage for the Directors with effect from 30 December 2013.

4. **Code Provision A.6.7**

Under the Code Provision A.6.7, non-executive directors, including independent non-executive directors, should attend board, committee and general meetings. One of the former INEDs, namely Mr. Li Siu Yui was unable to attend the extraordinary general meeting of the Company (the "EGM") held on 13 November 2013 as he had other business engagements. However, he subsequently requested the company secretary of the Company to report to him on the views of the Shareholders in the EGM. As such, the Board considers that the development of a balanced understanding of the views of the Shareholders among the INEDs was ensured.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board currently comprises seven Directors, with three INEDs. The composition of the Board during the year is set out as follows:

Executive Directors

Mr. Ji Changqun *(Chairman and CEO)*	(appointed on 12 December 2013)
Mr. Eddie Hurip	(appointed on 25 November 2013)
Mr. Shi Zhiqiang	(appointed on 25 November 2013)
Mr. Zhou Yanwei	(appointed on 12 December 2013)
Mr. Kan Che Kin, Billy Albert*	(resigned as executive Director, Chairman and CEO on 12 December 2013)
Mr. Li Kai Yien, Arthur Albert*	(resigned on 12 December 2013)
Ms. Li Shu Han, Eleanor Stella*	(resigned on 12 December 2013)
Ms. Seto Ying	(resigned on 12 December 2013)

INEDs

Mr. Lau Chi Keung	(appointed on 12 December 2013)
Mr. Chow Siu Lui	(appointed on 12 December 2013)
Mr. Tsang Sai Chung	(appointed on 12 December 2013)
Mr. Li Siu Yui	(resigned on 12 December 2013)
Mr. Ip Woon Lai	(resigned on 12 December 2013)
Mr. Lee Kong Leong	(resigned on 12 December 2013)

* Ms. Li Shu Han, Eleanor Stella is the niece of Mr. Kan and sister of Mr. Li Kai Yien, Arthur Albert. Mr. Li Kai Yien, Arthur Albert is the nephew of Mr. Kan.

None of the existing Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other existing Director.

The Board is responsible for approving and monitoring the Group's strategies, policies and business plans, evaluating the performance of the Group and supervising the work of management. The management of the Company is responsible for the daily operations and administration of the Group.

Corporate Governance Functions

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

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

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

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

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

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules that requires every board of directors of a listed issuer must include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

The INEDs were not appointed for specific terms but were subject to retirement by rotation and re-election in accordance with the Articles of Association at least once every three years.

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. According to the training records provided to the Company by the individual Directors, the Directors have read regulatory updates and/or attended external seminars and programmes with appropriate emphasis on the roles, functions and duties of a director of a listed company during the year.

The posts of the CEO and chairman are both held by Mr. Ji. The reasons have been explained in paragraph 1 on page 15 of this annual report.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 1 September 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measureable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The nomination committee of the Company (the "Nomination Committee") will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

A copy of the Board Diversity Policy has been published on the Stock Exchange's website for public information.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 18 January 2006. The members during the year were:

Mr. Lau Chi Keung *(Chairman)*	(appointed on 12 December 2013)
Mr. Ji Changqun	(appointed on 12 December 2013)
Mr. Tsang Sai Chung	(appointed on 12 December 2013)
Mr. Li Siu Yui	(resigned on 12 December 2013)
Mr. Lee Kong Leong	(resigned on 12 December 2013)
Mr. Ip Woon Lai	(resigned on 12 December 2013)

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and making recommendations to the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management of the Company. No Directors can determine their own remuneration package.

The terms of reference of the remuneration committee, which described its authority and duties, are available on the Company's website.

During the year, the Remuneration Committee held one meeting. Matters considered at the meeting included revision of the compensation payable to all Directors and senior management of the Group and recommendation to the Board on the Group's remuneration policy and structure.

Remuneration payable to senior management (excluding Directors) for the year ended 31 December 2013 is within the HK$0 to HK$1,000,000 band. Directors' emoluments comprise payments to Directors by the Group in connection with the management of the affairs of the Group and other benefits. The amounts paid to each Director for the year ended 31 December 2013 are shown in note 15 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was formed to review and supervise the financial reporting process and internal control of the Company. The Audit Committee currently comprises three INEDs and one member possesses the appropriate professional qualifications, business and financial experience and skills. The members during the year were:

Mr. Chow Siu Lui *(Chairman)*	(appointed on 12 December 2013)
Mr. Lau Chi Keung	(appointed on 12 December 2013)
Mr. Tsang Sai Chung	(appointed on 12 December 2013)
Mr. Li Siu Yui	(resigned on 12 December 2013)
Mr. Lee Kong Leong	(resigned on 12 December 2013)
Mr. Ip Woon Lai	(resigned on 12 December 2013)

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determine is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

During the year, the Audit Committee held two meetings. Matters considered at the meetings included review of the Group's 2013 annual and interim results, the fees for engaging the external auditors to provide the audit for the relevant years, the independence of the external auditors, the Company's financial control, internal control and risk management system.

NOMINATION COMMITTEE

The Nomination Committee was established on 9 November 2012. Its members during the year were:

Mr. Ji Changqun *(Chairman)*	(appointed on 12 December 2013)
Mr. Lau Chi Keung	(appointed on 12 December 2013)
Mr. Tsang Sai Chung	(appointed on 12 December 2013)
Mr. Ip Woon Lai	(resigned on 12 December 2013)
Mr. Li Siu Yui	(resigned on 12 December 2013)
Mr. Lee Kong Leong	(resigned on 12 December 2013)

The Nomination Committee is responsible for establishing formal procedures for the appointments of new Directors and re-nomination and re-election of Directors. In nominating candidates for appointment of Directors, the Nomination Committee will consider their necessary expertise and experience as well as the Board Diversity Policy.

The term of reference of the Nomination Committee, which described its authority and duties, are available on the Company's website.

During the year, the Nomination Committee held one meeting. Matters considered at the meeting included the revision of the structure, size and composition of the Board, qualifications for all Directors and senior management of the Group and independence of the INEDs.

DIRECTORS' ATTENDANCE AT BOARD, REMUNERATION COMMITTEE, AUDIT COMMITTEE AND NOMINATION COMMITTEE MEETINGS AND GENERAL MEETINGS

	Attendance/number of meetings held during the year					
Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Annual general meeting	Extraordinary general meeting
Executive Directors						
Mr. Shi Zhiqiang (appointed on 25 November 2013)	3/26 *(Note 1)*	N/A	N/A	N/A	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Eddie Hurip (appointed on 25 November 2013)	3/26 *(Note 1)*	N/A	N/A	N/A	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Ji Changqun (appointed on 12 December 2013)	1/26 *(Note 1)*	N/A	0/1 *(Note 5)*	0/1 *(Note 5)*	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Zhou Yanwei (appointed on 12 December 2013)	1/26 *(Note 1)*	N/A	N/A	N/A	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Kan Che Kin, Billy Albert (resigned on 12 December 2013)	25/26 *(Note 2)*	N/A	N/A	N/A	1/1	0/1
Mr. Li Kai Yien, Arthur Albert (resigned on 12 December 2013)	25/26 *(Note 2)*	N/A	N/A	N/A	1/1	1/1
Ms. Li Shu Han, Eleanor Stella (resigned on 12 December 2013)	24/26 *(Note 3)*	N/A	N/A	N/A	0/1	0/1
Ms. Seto Ying (resigned on 12 December 2013)	25/26 *(Note 2)*	N/A	N/A	N/A	1/1	1/1
INEDs						
Mr. Chow Siu Lui (appointed on 12 December 2013)	1/26 *(Note 1)*	1/2 *(Note 1)*	N/A	N/A	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Lau Chi Keung (appointed on 12 December 2013)	1/26 *(Note 1)*	1/2 *(Note 1)*	0/1 *(Note 5)*	0/1 *(Note 5)*	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Tsang Sai Chung (appointed on 12 December 2013)	1/26 *(Note 1)*	1/2 *(Note 1)*	0/1 *(Note 5)*	0/1 *(Note 5)*	0/1 *(Note 5)*	0/1 *(Note 5)*
Mr. Li Siu Yui (resigned on 12 December 2013)	24/26 *(Note 3)*	1/2 *(Note 2)*	1/1	1/1	1/1	0/1
Mr. Ip Woon Lai (resigned on 12 December 2013)	25/26 *(Note 2)*	1/2 *(Note 2)*	1/1	1/1	1/1	1/1
Mr. Lee Kong Leong (resigned on 12 December 2013)	20/26 *(Note 4)*	1/2 *(Note 2)*	1/1	1/1	1/1	1/1

Notes:

1. 100% attendance since appointment date
2. 100% attendance during appointment period
3. 96% attendance during appointment period
4. 77% attendance during appointment period
5. No meeting was held since appointment date

AUDITORS' REMUNERATION

Messrs. PKF ("PKF") retired as the auditors of the Company with effect from conclusion of the annual general meeting (the "AGM") held on 19 September 2013 and did not seek for re-appointment. SHINEWING HK CPA Limited ("SHINEWING"), Certified Public Accountants, was appointed at the AGM on 19 September 2013 as external auditors of the Company to fill the causal vacancy arising from the retirement of PKF.

The remuneration paid to the former external auditors of the Company, PKF, in respect of audit services for the period from 1 January 2013 to 19 September 2013 amounted to RMB171,768 and the fee paid for other assurance service for the year ended 31 December 2013 amounted to RMB117,114, whereas the remuneration paid to the current external auditors of the Company, SHINEWING, in respect of audit services for the year ended 31 December 2013 amounted to RMB765,147 and the fee paid for other assurance service for the year ended 31 December 2013 amounted to RMB2,286,071.

In considering the appointment of external auditors, the Audit Committee has taken into consideration the future development of the Company, the relationship of the external auditors with the Company and their independence in the provision of non-audit services. Based on the results of the reviews and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint SHINEWING as the external auditors of the Company for the year 2014, subject to approval by the Shareholders at the forthcoming 2014 annual general meeting of the Company to be held on 11 April 2014. There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee within one year commencing on the date of his ceasing to be a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

INTERNAL CONTROL

The Board has, through the Audit Committee, conducted interim and annual reviews of the effectiveness of the Group's internal control system covering the financial, operational, compliance and risk management functions. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

In order to improve the Group's internal controls, the Company has engaged RSM Nelson Wheeler Consulting Limited ("RSM") to perform a review of the procedures, systems and controls for the Group. RSM has submitted its internal control review report for the Group to the Audit Committee and the Board in February 2014. Findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. The Board considered the Group's internal control system to be effective and adequate, and to further enhance the internal control effectiveness, the Company has implemented an ongoing internal control review plan by engaging RSM for the coming year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the year ended 31 December 2013. The Directors ensure that the audited consolidated financial statements of the Group for the year ended 31 December 2013 have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

A report of the independent auditor of the Group is set out in pages 34 to 35 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Shareholders' communication policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at http://warderly.todayir.com/;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;

(iv) Annual general meeting and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management;

(v) the Company's share registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;

(vi) Shareholders and the investment community may at any time make a request to the company secretary of the Company in writing for the Company's information to the extent such information is publicly available. The contact details are set out in the "Company Information" section of the Company's website at http://warderly.todayir.com/; and

(vii) Publicly available news and information about the Company can also be sent to Shareholders who have subscribed to the service on the Company's website.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, one of the former INEDs, Mr. Li Sui Yiu could not attend the EGM. However, he subsequently requested the company secretary of the Company to report to him on the views of the Shareholders in the EGM. As such, the Board considers that the development of a balanced understanding of the views of the Shareholders among the INEDs was ensured.

The notice to Shareholders is to be sent in the case of an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered not less than 20 clear business days before the meeting. All other extraordinary general meetings may be called by not less than 10 clear business days' notice. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the company secretary of the Company, of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionist(s) shall convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Procedures for Proposing a Person for Election as a Director

Shareholders may by ordinary resolution elect any individual (“Candidate”) to be a Director. Candidate for election is proposed by separate resolutions put forward for Shareholders’ consideration at general meetings.

According to Article 88 of the Articles of Association, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedure:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.

2. Obtain a notice signed by the Candidate stating his willingness to be elected.

3. Both notices, completed in accordance with Rule 13.51(2) of the Listing Rules, are to be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.

4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notice shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is 7 days before the date of such general meeting.

Procedures for Directing Shareholders’ Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the company secretary of the Company whose contact details are set out in the “Company Information” section of the Company’s website at http://warderly.todayir.com/.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the year, the Company has not made any changes to its Memorandum and Articles of Association. The updated version of the Memorandum and Articles of Association is available on the Company’s website and the Stock Exchange’s website. Shareholders may refer to the Articles of Association for further details of their rights.

Report of the Directors

The board (the "Board") of directors (the "Directors") of Warderly International Holdings Limited (the "Company") presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group before 12 December 2013 were manufacturing, development, distribution and trading of household electrical appliances and audio-visual products. Due to the completion of the disposal of Rich Honest (Europe) Limited, Olevia Home Appliances Limited, Warderly Group Limited, and Up Stand Holdings Limited and its subsidiary, all these activities have been ceased. Upon completion of the acquisition of Nanjing Fullshare Asset Management Limited and the disposal of Up Stand Holdings Limited on 12 December 2013, the Group is now engaged in the property developing industry in the People's Republic of China.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income on page 36 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2013 and 2012 were as follows:–

	2013 RMB'000	2012 RMB'000 (restated)
Share premium	118,978	66,261
Contributed surplus	82,603	82,603
Accumulated losses	(506,365)	(454,102)
Total	(304,784)	(305,238)

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to shareholders of the Company subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The articles of association of the Company (the "Articles of Association") provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and accumulated losses.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2013 are set out in Note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 32(a) to the consolidated financial statements.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, there was no one single external customer contributing to over 10% of the Group's revenue and the Group's five largest customers together accounted for less than 30% of the total revenue for the year.

The Group's largest supplier and five largest suppliers together accounted for approximately 29% and 63% of the total purchases for the year respectively.

At no time during the year did a Director, an associate of a Director or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) has an interest in any of the Group's five largest suppliers and customers.

DIRECTORS

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

Executive Directors:

Mr. Ji Changqun *(Chairman and CEO)*	(appointed on 12 December 2013)
Mr. Eddie Hurip	(appointed on 25 November 2013)
Mr. Shi Zhiqiang	(appointed on 25 November 2013)
Mr. Zhou Yanwei	(appointed on 12 December 2013)
Mr. Kan Che Kin, Billy Albert	(resigned as executive Director, Chairman and CEO on 12 December 2013)
Mr. Li Kai Yien, Arthur Albert	(resigned on 12 December 2013)
Ms. Li Shu Han, Eleanor Stella	(resigned on 12 December 2013)
Ms. Seto Ying	(resigned on 12 December 2013)

Independent Non-Executive Directors:

Mr. Lau Chi Keung	(appointed on 12 December 2013)
Mr. Chow Siu Lui	(appointed on 12 December 2013)
Mr. Tsang Sai Chung	(appointed on 12 December 2013)
Mr. Lee Kong Leong	(resigned on 12 December 2013)
Mr. Li Siu Yui	(resigned on 12 December 2013)
Mr. Ip Woon Lai	(resigned on 12 December 2013)

In accordance with the provisions of the Articles of Association, Mr. Ji Changqun, Mr. Eddie Hurip, Mr. Shi Zhiqiang, Mr. Zhou Yanwei and Mr. Tsang Sai Chung will retire by rotation and, being eligible, offer themselves for re-election in the forthcoming 2014 annual general meeting of the Company (the "2014 AGM").

Each of executive Directors and independent non-executive Directors has entered into a service contract with the Company with effect from 12 December 2013 until the forthcoming general meeting of the Company after his appointment and will be eligible for re-election at that meeting. If he is re-elected, his appointment will continue unless terminated earlier by either party giving to the other not less than 3 months prior written notice. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association at least once every three years.

Each of the independent non-executive Directors was appointed in accordance with the Articles of Association.

None of the existing Directors were appointed for a specific term and none of the Directors being proposed for re-election at the 2014 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the existing independent non-executive Directors an annual confirmation of his independence as required under Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and considers all the independent non-executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the interests and short positions of the Directors and the chief executive of the Company in the shares ("Shares"), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

Name of Director	Name of company in which interests were held	Nature of interests	Number of issued Shares held	Percentage of the issued share capital of the Company
Ji Changqun ("Mr. Ji")	The Company	Ultimate beneficial owner (Note 2)	9,503,036,404 (Note 1)	450.38%

Notes:

(1) These Shares represent (i) 1,103,036,404 Shares held by Magnolia Wealth International Limited ("Magnolia") and (ii) 8,400,000,000 Shares to be allotted and issued to Magnolia upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds to be subscribed by Magnolia pursuant to the subscription agreement (the "Subscription Agreement") dated 21 August 2012 entered into amongst the Company, Mr. Kan Che Kin, Billy Albert ("Mr. Kan") and Magnolia. The Subscription Agreement forms part of the proposed transactions contemplated in a new resumption proposal (the "New Resumption Proposal") submitted to the Stock Exchange on 22 August 2012. The Subscription Agreement was completed on 12 December 2013.

(2) Mr. Ji is the sole shareholder of Magnolia and is deemed to be interested in the same 9,503,036,404 Shares pursuant to the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2013.

Report of the Directors

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Pursuant to the Subscription Agreement, 8,400,000,000 Shares and 1,600,000,000 Shares at HK$0.05 per Share are to be allotted and issued to Magnolia and Mr. Kan respectively upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds subscribed by Magnolia and Mr. Kan. The subscription of the convertible bonds by Mr. Kan constituted a connected transaction under Chapter 14A of the Listing Rules and the Company confirms that it has complied with all the disclosure requirements under the Listing Rules.

Other than the conversion rights stated in the Subscription Agreement above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of Shares, or debentures of the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the Subscription Agreement, the Acquisition Agreement, the Underwriting Agreement, the Deed of Indemnity and the Non-Competition Undertaking as set out in the circular of the Company dated 28 October 2013 (the "Circular"), no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year nor had there been any contract of significance which had been entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company during the year.

CONNECTED TRANSACTIONS

Save for the disposal of Olevia Home Appliances Limited, Rich Honest (Europe) Limited and Warderly Group Limited on 18 January 2013, the disposal of Up Stand Holdings Limited completed on 12 December 2013 (note 13) and the subscription of the convertible bonds by Mr. Kan under the Subscription Agreement, no other transaction falls within the definition of "Connected Transactions" in Chapter 14A of the Listing Rules during the year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 15 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2013, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions

Name of shareholders	Number of issued Shares held	Percentage of the issued share capital of the Company
Magnolia	9,503,036,404 (Note 1)	450.38%
Mr. Kan	1,752,050,000 (Note 2)	83.04%
Mrs. Kan Kung Chuen Lai	1,752,050,000 (Note 3)	83.04%

Notes:

(1) These Shares represent (i) 1,103,036,404 Shares held by Magnolia; and (ii) 8,400,000,000 Shares to be allotted and issued to Magnolia upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds subscribed by Magnolia pursuant to the Subscription Agreement which forms part of the proposed transactions contemplated in the New Resumption Proposal. The Subscription Agreement was completed on 12 December 2013.

(2) These Shares represent (i) 152,050,000 Shares held by Mr. Kan; and (ii) 1,600,000,000 Shares to be allotted and issued to Mr. Kan upon the exercise in full of the conversion rights attaching to the convertible bonds subscribed by Mr. Kan pursuant to the Subscription Agreement. The Subscription Agreement forms part of the proposed transactions contemplated in the New Resumption Proposal. The Subscription Agreement was completed on 12 December 2013.

(3) Mrs. Kan Kung Chuen Lai is the spouse of Mr. Kan. Therefore, she is deemed to be interested in the same 1,752,050,000 Shares for which Mr. Kan is interested pursuant to the SFO.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2013.

NON-COMPETITION UNDERTAKING WITH MR. JI AND MAGNOLIA

The Company entered into a non-competition undertaking with Mr. Ji and Magnolia on 25 October 2013 (the "Non-Competition Undertaking") so as to maintain a clear delineation of the respective businesses of each party as set out in pages 228 to 231 of the Circular. The Company has received annual written declarations on their compliance with the undertaking under the Non-Competition Undertaking from Mr. Ji and Magnolia during the year ended 31 December 2013. Based on the confirmations received from Mr. Ji and Magnolia and after review, our independent non-executive Directors considered that Mr. Ji and Magnolia had complied with the terms set out in the Non-Competition Undertaking during the year ended 31 December 2013.

Report of the Directors

Other than as disclosed above, none of our Directors had any interest in any business which competes with our Group's business during the year ended 31 December 2013.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of their merit, qualifications and competence.

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

PRE-EMPTIVE RIGHTS

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

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme maintained by the Group are set out in note 37 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was a sufficient public float throughout the year ended 31 December 2013 and as at the latest practicable date prior to the issue of this annual report.

SUBSEQUENT EVENTS

No significant event occurred after the balance sheet date.

AUDITORS

Messrs. PKF, who acted as auditors of the Company for the preceding years, retired as auditors of the Company on 19 September 2013. Shinewing (HK) CPA Limited was appointed as auditors on 19 September 2013 to fill the causal vacancy. A resolution will be tabled in the 2014 AGM to reappoint Shinewing (HK) CPA Limited as auditors of the Company.

On behalf of the Board
Ji Changqun
Chairman

Hong Kong
28 February 2014

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

To the Members of
Warderly International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 111, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Independent Auditor's Report

OPINION

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
28 February 2014

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
Continuing operation			
Revenue	8	**859,393**	399,140
Cost of sales		**(627,327)**	(245,051)
Gross profit		**232,066**	154,089
Change in fair value of convertible bonds	33	**(292,866)**	–
Change in fair value of property held for sale transferred to investment property	19	**1,324**	–
Other income	10	**2,307**	2,067
Selling expenses		**(29,858)**	(21,109)
Administrative expenses		**(25,816)**	(27,656)
Finance costs	11	**(412)**	–
(Loss) profit before tax		**(113,255)**	107,391
Income tax expense	12	**(88,083)**	(73,994)
(Loss) profit for the year from continuing operation		**(201,338)**	33,397
Discontinued operation			
Loss for the year from discontinued operation	13	**(32,042)**	–
(Loss) profit and total comprehensive (expense) income for the year	14	**(233,380)**	33,397
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company:			
– from continuing operation		**(209,704)**	30,466
– from discontinued operation		**(32,042)**	–
		(241,746)	30,466
Profit and total comprehensive income for the year attributable to non-controlling interests:			
– from continuing operation		**8,366**	2,931
– from discontinued operation		**–**	–
		8,366	2,931
		(233,380)	33,397
(Loss) earnings per share	17		
From continuing and discontinued operation			
– Basic and diluted		**(20.92) cents**	2.76 cents
From continuing operation			
– Basic and diluted		**(18.15) cents**	2.76 cents

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Non-current assets				
Plant and equipment	18	**2,898**	2,229	1,999
Investment property	19	**5,600**	–	–
Goodwill	20	**–**	–	–
		8,498	2,229	1,999
Current assets				
Held for trading investments	21	**–**	400	3,000
Other receivables, prepayments and deposits	22	**53,608**	88,068	87,623
Tax prepaid	23	**–**	11,054	13,717
Properties under development	24	**880,104**	1,367,338	1,061,489
Properties held for sale	25	**405,484**	57,723	302,774
Amounts due from related parties	26	**–**	–	137,015
Pledged bank deposits	27	**1,445**	210	58,000
Bank balances and cash	28	**116,358**	154,074	78,662
		1,456,999	1,678,867	1,742,280
Assets classified as held for sale	13	**–**	–	–
		1,456,999	1,678,867	1,742,280
Current liabilities				
Trade and other payables	29	**188,563**	103,662	204,044
Receipt in advance	30	**476,702**	861,336	696,138
Income tax payables		**41,399**	33,780	831
Amounts due to related parties	26	**–**	61,109	327,688
Bank and other borrowings				
– due within one year	31	**155,000**	131,500	130,000
		861,664	1,191,387	1,358,701
Liabilities classified as held for sale	13	**–**	–	–
		861,664	1,191,387	1,358,701
Net current assets		**595,335**	487,480	383,579
Total assets less current liabilities		**603,833**	489,709	385,578

Consolidated Statement of Financial Position
(Continued)

At 31 December 2013

	Notes	**31 December 2013 RMB'000**	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Capital and reserves				
Issued equity	32	**439,307**	400,000	100,000
Reserves		**(661,881)**	(29,754)	88,455
(Capital deficiency) Equity attributable to owners of the Company		**(222,574)**	370,246	188,455
Non-controlling interests		**27,829**	19,463	42,123
(Capital deficiency) Total equity		**(194,745)**	389,709	230,578
Non-current liabilities				
Convertible bonds	33	**683,247**	–	–
Bank and other borrowings – due after one year	31	**115,000**	100,000	155,000
Deferred tax liabilities	34	**331**	–	–
		798,578	100,000	155,000
Total equity and non-current liabilities		**603,833**	489,709	385,578

The consolidated financial statements on pages 36 to 111 were approved and authorised for issue by the board of directors on 28 February 2014 and are signed on its behalf by:

Director *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company									
	Issued equity									
	Ordinary share capital	Equity reserve	Statutory reserves	Capital reserve	Other reserve	Reverse acquisition reserve	Retained profits (Accumulated loss)	Total Equity	Non-controlling Interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 32)		(note i)	(note ii)	(note iii)					
1 January 2012 (Restated)	3,295	96,705	11,697	–	(17,058)	–	93,816	188,455	42,123	230,578
Profit and total comprehensive income for the year	–	–	–	–	–	–	30,466	30,466	2,931	33,397
Acquisition of additional equity interest in a subsidiary (note iv)	–	–	–	–	25,591	–	–	25,591	(25,591)	–
Transfers to statutory reserves	–	–	6,532	–	–	–	(6,532)	–	–	–
Increase in paid-in capital upon loan capitalisation (note 42)	–	300,000	–	–	–	–	–	300,000	–	300,000
Increase in paid-in capital arising from reorganisation (note 32(a))	–	400,000	–	(400,000)	–	–	–	–	–	–
Reorganisation (note 32(a))	–	(400,000)	–	400,000	–	–	–	–	–	–
Dividend recognised as distribution (note 16)	–	–	–	–	–	–	(174,266)	(174,266)	–	(174,266)
At 31 December 2012 and 1 January 2013 (Restated)	3,295	396,705	18,229	–	8,533	–	(56,516)	370,246	19,463	389,709
Open Offer and acquisition of subsidiaries (notes 2 and 35)	13,179	26,128	–	–	–	(390,381)	–	(351,074)	–	(351,074)
(Loss) profit and total comprehensive (expense) income for the year	–	–	–	–	–	–	(241,746)	(241,746)	8,366	(233,380)
Transfers to statutory reserves	–	–	7,069	–	–	–	(7,069)	–	–	–
At 31 December 2013	**16,474**	**422,833**	**25,298**	**–**	**8,533**	**(390,381)**	**(305,331)**	**(222,574)**	**27,829**	**(194,745)**

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2013

Notes:

(i) Statutory reserve

In accordance with the People's Republic of China ("PRC") Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(ii) Capital reserve

Nanjing Fullshare Asset Management Limited ("Nanjing Fullshare"), a wholly-owned subsidiary of the Group, was established in the PRC on 19 July 2012 with limited liability, and became the then holding companies of its subsidiaries pursuant to a group reorganisation completed on 10 August 2012 (the "Reorganisation"). Capital reserve represents the reserve arising from the Reorganisation. Details of the Reorganisation are set out in the "History and Background of the Target Group" of the Circular of the Company dated 28 October 2013.

(iii) Other reserve

Other reserve represents the net gain (loss) arising from the transactions between the non-controlling interests and the owners of Nanjing Fullshare.

(iv) Acquisition of additional equity interest in a subsidiary

Prior to 25 July 2012, Nanjing Fullshare Industry Holding Group Co. Ltd. ("Nanjing Fullshare Holding") and Mr. Ji Changqun effectively held 90.8% equity interest in Jiangsu Province Fullshare Property Development Limited ("Jiangsu Fullshare"), a subsidiary of the Group. On 25 July 2012, Nanjing Fullshare Holding and Mr. Ji acquired the remaining 9.2% equity interests from non-controlling interests in Jiangsu Fullshare at a consideration of approximately RMB10,000,000. Other reserve of approximately RMB25,591,000 represents the net asset value of Jiangsu Fullshare acquired from the non-controlling interests.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000 (Restated)
OPERATING ACTIVITIES		
(Loss) profit for the year	**(233,380)**	33,397
Adjustments for:		
Income tax expense	**88,083**	73,994
Impairment loss on goodwill	**32,042**	–
Change in fair value of convertible bonds	**292,866**	–
Change in fair value of property held for sale transferred to investment property	**(1,324)**	–
Plant and equipment written off	**13**	–
Gain on disposal of plant and equipment	**(283)**	–
Depreciation for plant and equipment	**997**	898
Finance cost	**412**	–
Interest income	**(1,902)**	(1,803)
Government grants	**–**	(100)
Operating cash inflows before movements in working capital	**177,524**	106,386
Decrease in properties held for sale	**627,327**	245,051
Increase in properties under developments	**(469,171)**	(286,308)
Decrease in held for trading investments	**400**	2,600
Decrease (increase) in other receivables, prepayments and deposits	**35,043**	(445)
Increase (decrease) in trade and other payables	**89,574**	(100,382)
(Decrease) increase in receipt in advance	**(377,104)**	165,198
Cash generated from operations	**83,593**	132,100
Income tax paid	**(69,079)**	(38,382)
Interest paid	**(22,959)**	(19,541)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(8,445)**	74,177

Consolidated Statement of Cash Flows
(Continued)

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
INVESTING ACTIVITIES			
Net cash outflow on acquisition of subsidiaries	35	**(385,879)**	–
(Increase) decrease in pledged bank deposits		**(1,235)**	57,790
Repayment to related parties		**–**	137,015
Advance to related parties		**–**	(44,845)
Purchase of plant and equipments		**(1,790)**	(1,191)
Interest received		**1,902**	1,803
Cash outflow arising from reorganisation		**–**	(400,000)
Proceeds from disposal of plant and equipment		**407**	63
Net cash inflow on disposal of subsidiaries	36	**6,979**	–
NET CASH USED IN INVESTING ACTIVITIES		**(379,616)**	(249,365)
FINANCING ACTIVITIES			
Bank borrowings raised		**170,000**	140,000
Repayment of bank borrowings		**(131,500)**	(193,500)
Repayment to a related party		**(61,109)**	–
Dividend paid		**(17,427)**	(96,000)
Proceeds on issue of convertible bonds	33	**390,381**	–
Proceeds from issue of share capital in Nanjing Fullshare		**–**	400,000
Government grants received		**–**	100
NET CASH FROM FINANCING ACTIVITIES		**350,345**	250,600
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(37,716)**	75,412
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**154,074**	78,662
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**116,358**	154,074

1. GENERAL

Warderly International Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The principal activity of the Company and its subsidiaries (collectively referred to as the "Group") is property development. In the opinion of the directors of the Company, the parent and the ultimate holding company of the Company is Magnolia Wealth International Limited ("Magnolia Wealth"), a limited company incorporated in the British Virgin Islands ("BVI").

Upon the completion of the Reverse Takeover Transaction (as defined hereinunder), the Group changed the functional currency of the Company and presentation currency of its consolidated financial statements from Hong Kong Dollar ("HK$") to Renminbi ("RMB") because, in the opinion of the directors of the Company, the turnover are entirely contributed by the property development business in the PRC from the date of the completion of reverse takeover transaction ("Reverse Takeover Transaction") and this could provide users with more comparable information with other companies in similar industries. Comparative figures have been represented in RMB. Also, the presentation currency is also the functional currency of the Company.

The change in functional currency of the Company was applied prospectively from date of change in accordance with HKAS 21 *The Effect of Changes in Foreign Exchange Rate*. On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into RMB at the exchange rate on that date.

The change in presentation currency of the Group has been applied retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the comparative figures as at 1 January 2012 and 31 December 2012 and for the year ended 31 December 2012 have also been restated to RMB accordingly.

The changes in functional and presentation currencies have no significant impact on the financial positions of the Group as at 1 January 2012, 31 December 2012 and 2013, or the results and cash flows of the Group for the years ended 31 December 2012 and 2013.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 12 December 2013, open offer, debt restructuring and reverse takeover involving a new listing application was completed. The Group acquired the entire equity interest of Nanjing Fullshare, a company incorporated in the PRC with limited liability from Nanjing Fullshare Holding at cash consideration of HK$500,000,000. Magnolia Wealth, an underwriter of the open offer of the Company, is acting in concert with Nanjing Fullshare Holding. Nanjing Fullshare is an investment holding company which is wholly owned by Nanjing Fullshare Holding, immediately before the completion of the Reverse Takeover Transaction. Nanjing Fullshare and its subsidiaries (the “Nanjing Fullshare Group”) are principally engaged in property development in the PRC. The details of the Reverse Takeover Transaction are set out in the Company’s circular dated 28 October 2013 and in the announcement of the Company dated 12 December 2013.

Open Offer

During the year ended 31 December 2013, the Company carried out the open offer (the “Open Offer”) to raise HK$84,400,000 on the basis of 4 offer shares for every 1 existing share held on the record date at the offer price of HK$0.05 each of 1,688,000,000 offer shares (the “Offer Shares”) with Magnolia Wealth being the underwriter of the Open Offer. Upon the completion of the Open Offer, the number of the issued share capital of the Company increased by 1,688,000,000 to 2,110,000,000.

As the Offer Shares were not fully subscribed by the existing shareholders of the Company, Magnolia Wealth has taken up 1,103,036,404 Offer Shares, representing approximately 52.28% of the total issued share capital as enlarged by the Offer Shares.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Open Offer *(continued)*

The details of the Open Offer are set out in the prospectus and announcement of the Company dated 21 November 2013 and 10 December 2013 respectively.

Debt Restructuring

During the year ended 31 December 2013, the Company also completed the debt restructuring and settled the amounts due to certain creditors of the Company (the "Scheme Creditors") by the way of the schemes of arrangement to be made between the Company and the Scheme Creditors under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Hong Kong Scheme") and the Companies Law (2007 Revision) of the Cayman Islands (the "Cayman Scheme", together with the Hong Kong Scheme, hereinafter collectively referred to as the "Schemes") respectively. On 12 December 2013, the Schemes were effective. Pursuant to the Schemes, all amounts due to Scheme Creditors have been fully discharged for a cash payment of HK$37,000,000 (the "Debt Restructuring").

The details of the Debt Restructuring are set out in the circular and announcement of the Company dated 28 October 2013 and 12 December 2013 respectively.

Reverse Takeover Transaction

The Reverse Takeover Transaction has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 (Revised) *Business Combination* ("HKFRS 3 (Revised)") as Magnolia Wealth has taken up approximately 52.28% ordinary shares of the Company through the Open Offer and Mighty Fame Limited ("Mighty Fame"), a wholly owned subsidiary of the Company, has acquired entire equity interest of Nanjing Fullshare at cash consideration of HK$500,000,000 from Nanjing Fullshare Holding. For accounting purpose, the aforesaid transactions were deemed as reverse takeover transaction. As a result, the Company (together with its subsidiaries before the completion of the Reverse Takeover Transaction, collectively referred to as the "Existing Group"), the accounting acquiree, is deemed to have been acquired by Nanjing Fullshare, the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Nanjing Fullshare Group and accordingly:

(i) The assets and liabilities of the Nanjing Fullshare Group are recognised and measured at their carrying amounts;

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3 (Revised); and

(iii) The comparative information presented in these consolidated financial statements is restated to be that of the Nanjing Fullshare Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Reverse Takeover Transaction *(continued)*

In preparing these consolidated financial statements, the Nanjing Fullshare Group has applied the acquisition method to account for the acquisition of the Existing Group. In applying the acquisition method, the consideration deemed to be given by Nanjing Fullshare was approximately RMB39,307,000 (equivalent to approximately HK$50,344,000), calculated based on HK$0.05 each (i.e. offer price under the Open Offer) of approximately 1,006,964,000 ordinary shares of the Company (the "Deemed Consideration"), which represented the number of issued ordinary shares of the Company minus the number of ordinary shares held by Magnolia Wealth as at the date of completion of the Reverse Takeover Transaction. The separately identifiable assets and liabilities of the Existing Group were recorded in the consolidated statement of financial position at their fair value upon the completion date of the Reverse Takeover Transaction. Goodwill arising on the acquisition of the Existing Group of approximately RMB32,980,000, being the excess of the Deemed Consideration over the identifiable assets and liabilities of the Existing Group upon the completion date of the Reverse Takeover Transaction, was recorded. The results of the Existing Group have been consolidated to the Company's consolidated financial statements since the completion date of the Reverse Takeover Transaction. Further details of the Reverse Takeover Transaction are set out in note 35 to the consolidated financial statements.

Going concern

The consolidated financial statements have been prepared on a going concern basis notwithstanding the capital deficiency of approximately RMB194,745,000 as at 31 December 2013. The Group's liabilities as at 31 December 2013 mainly included trade and other payables, bank and other borrowings and convertible bonds.

In the opinion of the directors of the Company, due to the change in fair value of the convertible bonds from the date of issuance of the convertible bonds (i.e. 12 December 2013) of approximately RMB390,381,000 to the end of the reporting period (i.e. 31 December 2013) of approximately RMB683,247,000, the Group recorded a capital deficiency approximately RMB194,745,000 as at 31 December 2013. Such fair value increment of convertible bonds of approximately of RMB292,866,000 shall not have any cash outflow to the Group.

Accordingly, the directors of the Company considered that the Group has sufficient working capital to meet its financial obligations as and when they fall due. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group not able to continue as a going concern.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Change of Financial Year-end date

During the current financial year, the reporting period end date of the Group was changed from 30 April to 31 December because the directors of the Company considered that the core business of the Group are in the PRC and the financial year of all PRC companies end on 31 December. The change of financial year end date of the Company from 30 April to 31 December will make the financial year end date of the Company consistent with the financial year end date for the PRC subsidiaries. This will facilitate the Company in preparing and updating its financial statements for the preparation of consolidated accounts, and enable the Company to better utilise its resources and facilitate better planning and operational processes of the Company.

Accordingly, the corresponding comparative amounts shown for the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes of the Company have been restated and cover a twelve month period from 1 January 2012 to 31 December 2012.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

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

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusion.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements, details are set out in note 41.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The directors of the Company anticipate that, except as described below, the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described below:

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 Financial Instruments *(continued)*

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

– has power over the investee;

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

Goodwill

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

The Group transfers a property from properties held for sale to investment properties when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Plant and equipment

Plant and equipment held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and impairment losses, if any.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties under development

Properties under development are stated at the lower of cost and net realisable value.

Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and applicable selling expenses.

On completion, the properties are transferred to properties held for sale.

Properties held for sale

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

Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses at the end of the reporting period, or by management estimates based on prevailing market conditions.

Impairment losses on tangible assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible assets *(continued)*

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into the following specified categories, financial assets at FVTPL and loan and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is excluded a net gains or losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in 7(c).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, amounts due from related parties, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

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

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

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are designated as at FVTPL on initial recognition.

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

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 7(c).

Other financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Convertible bonds designated as at fair value through profit or loss

Convertible bonds issued by the Group (including related embedded derivatives) are designated at FVTPL on initial recognition. At each end of the reporting period subsequent to initial recognition, the entire convertible bonds are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Financial guarantee contracts

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

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

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

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition (continued)

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

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

Retirement benefit costs

Payments to (i) the PRC local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and (ii) Mandatory Provident Fund ("MPF") Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

(i) Sales of properties

Revenue from sales of properties in the ordinary course of business is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of the relevant properties have been completed, the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured.

Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under receipts in advance.

(ii) Interest income

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

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

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Borrowing costs

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

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economy environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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

PRC land appreciation tax

The Group is subject to land appreciation tax in the PRC. The provision of the land appreciation tax is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its land appreciation tax calculation and payments with the tax authorities for its property development projects. The final outcome could be different from the amounts that were initially recorded. At 31 December 2013, the carrying amount of land appreciation tax payable included under income tax payables was approximately RMB38,597,000 (2012: tax recoverable of approximately RMB9,002,000 under tax prepaid).

Estimated net realisable value of properties held for sale

The management of the Group determines the net realisable value of properties held for sale by using prevailing market data such as most recent sales transactions and internal estimates of cost based on quotes from contractors. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales), the legal and regulatory framework and general market conditions. At 31 December 2013, the carrying amount of properties held for sale was approximately RMB405,484,000 (2012: RMB57,723,000). No impairment loss was recognised during the year ended 31 December 2013 (2012: nil).

Estimated net realisable value of properties under development

In determining whether allowances should be made to the Group's properties under development, the director of the Company takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs to sell) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value of properties under development is less than expected as a result of a change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. At 31 December 2013, the carrying amount of properties under development was approximately RMB880,104,000 (2012: RMB1,367,338,000) No impairment loss was recognised during the year ended 31 December 2013 (2012: nil).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Fair value of convertible bonds

The directors of the Company use their judgements in selecting an appropriate valuation technique for convertible bonds not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Details of the valuation techniques are set out in notes 7 and 33. At 31 December 2013, the fair value of convertible bonds was approximately RMB683,247,000 (2012: nil), with increase in fair value of convertible bonds of approximately RMB292,866,000 (2012: nil) recognised in the consolidated statement of profit or loss.

Estimated allowance for impairment of other receivables, prepayments and deposits

When there is objective evidence of impairment loss, the directors of the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amounts of other receivables, prepayments and deposits are approximately RMB53,608,000 (2012: RMB88,068,000).

Estimated fair value of financial guarantees

In respect of the financial guarantees in respect of mortgage facilities for property purchasers, the directors of the Company consider the net realisable value of the relevant properties against the outstanding principal and interest.

The fair value of the financial guarantees is immaterial at 31 December 2013 and 2012 were assessed by CBRE Limited, an independent professional valuer not connected to the Group. Details of the financial guarantees are set out on note 40a.

Ownership of properties

At 31 December 2013, a land use right certificate of properties under development and a building ownership certificate of the investment property of approximately RMB50,777,000 (2012: RMB13,230,000) and RMB5,600,000 (2012: nil) respectively have not been granted to the Group from the local land bureau of the PRC. The directors of the Company have exercised their judgment, taking into consideration legal opinion obtained, and are satisfied that the Group still has the beneficial ownership of the properties under development and the investment property and no impairment is associated with the properties.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the amounts due to related parties, convertible bonds and bank and other borrowings, net of cash and cash equivalents and capital deficiency attributable to owners of the Company, comprising issued share capital, reserves and accumulated loss.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, issuance of new share and debt, share buy-backs as well as the repayment of existing debt.

7. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Financial assets			
Held for trading investments	**–**	400	3,000
Loans and receivables (including bank balances and cash)	**141,985**	184,580	304,851
Financial liabilities			
At FVTPL			
Convertible bonds	**683,247**	–	–
At amortised costs	**458,525**	389,606	811,312

7. FINANCIAL INSTRUMENTS *(continued)*

b) Financial risk management objectives and policies

The Group's major financial instruments include other receivables, deposits, trade and bills payable, other payables, accruals, amounts due from (to) related parties, pledged bank deposits, bank balances and cash, convertible bonds, and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities at the reporting date are as follows:

	Denominated in HK$	
	2013	2012
	RMB'000	RMB'000
Assets	**12,064**	-
Liabilities, including convertible bonds	**690,777**	-

7. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Foreign currency risk *(continued)*

Sensitivity analysis

The Group is mainly exposed to HK$ currency risk at 31 December 2013.

The following table details the Group's sensitivity to a 10% (2012: nil) increase and decrease in HK$ against the relevant foreign currencies. 10% (2012: nil) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2012: nil) change in foreign currency rates.

For the year ended 31 December 2013

	Increase (decrease) in foreign exchange rate %	Increase (decrease) in loss after tax for the year RMB'000
If RMB weakens against HK$	10	50,903
If RMB strengthens against HK$	(10)	(50,903)

7. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (note 31) and convertible bonds (note 33) for the year ended 31 December 2013.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see note 31) for the years ended 31 December 2013 and 2012.

It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group was also exposed to cash flow interest rate risk relates to pledged bank deposits and bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the fixed deposit rate as stipulated by the People's Bank of China arising from the Group's RMB borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank and other borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

For variable-rate bank balances, pledged bank deposits and bank and other borrowings, if the interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss after tax and accumulated loss (2012: profit after tax and retained profits) would decrease/increase by approximately RMB533,000 and RMB290,000 during the year ended 31 December 2013 and 2012 respectively.

7. **FINANCIAL INSTRUMENTS** *(continued)*

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

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has no significant concentration of credit risk, with exposures spread over a number of counterparties.

The Group reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the director of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit rating agencies.

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. As the mortgage loans are secured by the properties with current market price higher than the guaranteed amounts, the directors of the Company considers it would recover any loss incurred arising from the guarantee provided by the Group.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

Liquidity risk tables

	Within one year RMB'000	More than one year but not exceeding two years RMB'000	More than two years but not exceeding five years RMB'000	Total undiscounted cash flow RMB'000	Carrying Amount RMB'000
As at 31 December 2013					
Trade and other payables	**188,525**	**–**	**–**	**188,525**	**188,525**
Bank and other borrowings	**168,359**	**118,702**	**–**	**287,061**	**270,000**
Convertible bonds	**7,808**	**7,808**	**413,413**	**429,029**	**683,247**
Financial guarantee contracts	**485,887**	**–**	**–**	**485,887**	**–**
	850,579	**126,510**	**413,413**	**1,390,502**	**1,141,772**
As at 31 December 2012					
Trade and other payables	96,997	–	–	96,997	96,997
Amounts due to related parties	61,109	–	–	61,109	61,109
Bank and other borrowings	149,196	103,278	–	252,474	231,500
Financial guarantee contracts	259,107	–	–	259,107	–
	566,409	103,278	–	669,687	389,606
As at 1 January 2012					
Trade and other payables	198,624	–	–	198,624	198,624
Amounts due to related parties	327,688	–	–	327,688	327,688
Bank and other borrowings	146,704	163,094	–	309,798	285,000
Financial guarantee contracts	190,753	–	–	190,753	–
	863,769	163,094	–	1,026,863	811,312

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

7. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. Based on the expectations at the end of the reporting period, the Group considers that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

c) Fair values of financial assets and liabilities

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The fair value of financial guarantee contracts is determined using discounted cash flow models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

The directors of the Company also consider that the fair value of the non-current financial liabilities not measured at fair value approximates to their carrying amount as the impact of discounting is not significant.

7. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements recognised in the consolidated statement of financial position on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

	Level 1			Level 3			Total		
	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)	**31 December 2013 RMB'000**	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)	**31 December 2013 RMB'000**	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Financial asset									
Held-for-trading investments	**–**	400	3,000	**–**	–	–	**–**	400	3,000
Financial liabilities at FVTPL									
Convertible bonds	**–**	–	–	**683,247**	–	–	**683,247**	–	–

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ Financial liabilities	Valuation technique(s) and key inputs	Significant unobservable input(s)
Held-for-trading investments	Quoted bid prices in active market	N/A
Convertible bonds	Binomial model	Volatility, determined by reference to the share price of listed entities to similar industries. The volatility is 47% (2012: nil). (Note i) Dilution effect, taking into account the valuation methodology. Discount rate of 15.05%. (Note ii)

Note (i): An increase in the volatility used in isolation would result in a decrease in the fair value measurement of the convertible bonds, and vice versa. A 10% increase in the volatility holding all other variables constant would decrease the fair value of amount of the convertible bonds by RMB721,000 (2012: nil).

Note (ii): An increase in the discount rate used in isolation would result in a significant decrease in the fair value measurement of the convertible bonds, and vice versa. A 3% increase in the discount rate holding all other variables constant would decrease the fair value of amount of the convertible bonds by RMB436,000 (2012: nil).

7. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements recognised in the consolidated statement of financial position on a recurring basis *(continued)*

There were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 during the years ended 31 December 2013 and 2012.

Reconciliation of Level 3 fair value measurements

	2013	2012
	RMB'000	RMB'000
Opening balance	**–**	–
Issue	**390,381**	–
Total loss in profit or loss	**292,866**	–
Closing balance	**683,247**	–

Change in fair value of convertible bonds of approximately RMB292,866,000 (2012: nil) related to the convertible bonds held at the end of the current reporting period and is included in statement of profit or loss and other comprehensive during the year ended 31 December 2013.

Valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The appropriate valuation techniques and inputs for fair value measurements are determined by the directors of the Company and the independent qualified valuers.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation. The directors of the Company work closely with the independent qualified valuers to establish the appropriate valuation techniques and inputs to the model. The directors of the Company will review the cause of fluctuations in fair value of the assets and liabilities semi-annually.

8. REVENUE

Revenue represents the net amounts received and receivable for properties sold by the Group to outside customers less sales related taxes.

9. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the directors of the Company) in order to allocate resources to the segment and to assess its performance.

For management purpose, the Group operates in one continuing business unit based on their products, and has one continuing reportable and operating segment: Property development. The directors of the Company monitors the revenue of its business unit as a whole based on the monthly sales and pre-sales for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and results; and segments assets and liabilities are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

An operating segment regarding the manufacturing and sale of household electrical appliances was discontinued in the current year, which is described in more detail in note 13.

Information about geographical areas

As all the Group's revenue is derived from customers based in the PRC (country of domicile) and all the Group's non-current assets are located in the PRC, no geographical information is presented.

Information about major customers

During the year ended 31 December 2013, there was no one (2012: nil) single external customer contributing over 10% of the Group's revenue.

10. OTHER INCOME

	2013 **RMB'000**	2012 RMB'000 (Restated)
Continuing operation		
Interest income	**1,902**	1,803
Government grants (Note)	**–**	100
Gain on disposal of plant and equipment	**283**	–
Others	**122**	164
	2,307	2,067

Note: Unconditional government grants in respect of encouragement of expansion of enterprise were granted to the Group during the year ended 31 December 2012.

11. FINANCE COSTS

	2013 RMB'000	2012 RMB'000 (Restated)
Continuing operation		
Interest expenses on:		
bank borrowings wholly repayable within five years	22,959	19,541
convertible bonds	412	–
Less: Interest capitalised in the cost of qualifying assets (note 24)	(22,959)	(19,541)
	412	–

Borrowing costs capitalised during the years ended 31 December 2013 and 2012 arose from specific borrowings.

12. INCOME TAX EXPENSE

	2013 RMB'000	2012 RMB'000 (Restated)
Continuing operation		
Current tax:		
PRC Enterprise Income Tax ("EIT")	37,075	29,774
PRC Land Appreciation Tax ("LAT")	50,677	44,220
Deferred tax:		
Current year (note 34)	331	–
	88,083	73,994

Notes:

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2013 and 2012.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

(b) Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Nanjing Fullshare and its subsidiaries is 25% for the years ended 31 December 2013 and 2012.

(c) The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, PRC LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

12. INCOME TAX EXPENSE *(continued)*

	2013 RMB'000	2012 RMB'000 (Restated)
(Loss) profit before tax	**(113,255)**	107,391
Tax at the domestic income tax rate of 25%	**(28,313)**	26,848
Provision for LAT for the year	**50,677**	44,220
Tax effect of expenses not deductible for tax purpose	**81,701**	828
Tax effect of PRC LAT deductible for PRC EIT	**(5,538)**	(5,881)
Utilisation of tax losses previously not recognised	**(10,444)**	–
Tax effect of tax losses not recognised	**–**	7,979
Income tax expense for the year	**88,083**	73,994

Details of the deferred tax are set out in note 34.

13. DISCONTINUED OPERATION

On 5 April 2013, the Company entered into a sale agreement to dispose of entire interest in Up Stand Holdings Limited and its subsidiary (collectively referred to as the "Disposal Group"), which carried out all of the Existing Group's manufacturing and sale of household electrical appliances operation (the "Disposal"), at a cash consideration of HK$10,000,000 (equivalent to approximately RMB7,808,000). The Disposal was effected in order to make the Group solely be engaged in property development. The Disposal was completed on 12 December 2013.

The loss for the year from discontinued operation is analysed as follows:

	2013 RMB'000	2012 RMB'000 (Restated)
Impairment loss on goodwill (note 20)	**32,042**	–
Loss on disposal of manufacturing and sale of household electrical appliances operation (note 36)	**-**	–
	32,042	–

As the Reverse Takeover Transaction and the Disposal were completed on the same date (i.e. 12 December 2013), only impairment loss on goodwill of approximately RMB32,042,000 was recognised in the profit or loss and no cash flows were recorded in relation to the discontinued operation for the year ended 31 December 2013.

13. DISCONTINUED OPERATION *(continued)*

At the date of the completion of the Reverse Takeover Transaction (i.e. 12 December 2013), the major classes of assets and liabilities of the Disposal Group were as follows:

	RMB'000
Plant and equipment	2,765
Inventories	3,223
Trade receivables	3,389
Other receivables, prepayment and deposits	808
Bank balances and cash	829
Total assets classified as held for sale	11,014
Trade and other payables classified as held for sale	4,144

14. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year from continuing operation has been arrived at after charging (crediting):

	2013 **RMB'000**	2012 RMB'000 (Restated)
Continuing operation		
(a) Staff costs, excluding directors' and chief executive's emolument		
Salaries, wages and other benefits	**10,744**	6,245
Retirement benefits scheme contributions	**1,590**	727
	12,334	6,972
(b) Other items		
Auditors' remuneration	**794**	23
Depreciation of plant and equipment	**997**	898
Operating lease rentals of properties	**1,746**	1,388
Costs of properties held for sale recognised as expenses (included as cost of sales)	**627,327**	245,051
Plant and equipment written off	**13**	–

15. DIRECTORS' AND CHIEF EXECUTIVE'S, AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the fourteen (2012: seven) directors and chief executives were as follows:

	For the year ended 31 December 2013			
	Fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Executive directors and chief executives				
Mr Kan Che Kin, Billy Albert (resigned on 12 December 2013)	7	–	–	7
Mr. Ji Changqun (appointed on 12 December 2013)	10	–	–	10
Executive directors				
Mr. Li Kai Yien, Arthur Albert (resigned on 12 December 2013)	7	–	–	7
Ms. Li Shu Han, Eleanor Stella (resigned on 12 December 2013)	7	–	–	7
Ms. Seto Ying (resigned on 12 December 2013)	7	–	–	7
Mr. Shi Zhiqiang (appointed on 25 November 2013)	15	1,186	71	1,272
Mr. Eddie Hurip (appointed on 25 November 2013)	15	–	–	15
Mr. Zhou Yanwei (appointed on 12 December 2013)	10	417	–	481
Independent non-executive directors				
Mr. Lee Kong Leong (resigned on 12 December 2013)	37	–	–	37
Mr. Li Siu Yui (resigned on 12 December 2013)	37	–	–	37
Mr. Ip Woon Lai (resigned on 12 December 2013)	37	–	–	37
Mr. Lau Chi Keung (appointed on 12 December 2013)	10	–	–	10
Mr. Chow Siu Lui (appointed on 12 December 2013)	10	–	–	10
Mr. Tsang Sai Chung, Krik (appointed on 12 December 2013)	10	–	–	10
Total	219	1,657	71	1,947

15. DIRECTORS' AND CHIEF EXECUTIVE'S, AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and chief executive's emoluments *(continued)*

	For the year ended 31 December 2012			
	Fees	Salaries, allowances and other benefits in kind	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Li Kai Yien, Arthur Albert	8	–	–	8
Ms. Li Shu Han, Eleanor Stella	8	–	–	8
Ms. Seto Ying	8	–	–	8
Mr Kan Che Kin, Billy Albert	8	–	–	8
Independent non-executive directors				
Mr. Lee Kong Leong	39	–	–	39
Mr. Li Siu Yui	39	–	–	39
Mr. Ip Woon Lai	39	–	–	39
Total	149	–	–	149

No directors and chief executives waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2013 and 2012. No emoluments were paid by the Group to any directors and chief executives as an incentive payment for joining the Group or as compensation for loss of office during the years ended 31 December 2013 and 2012.

(b) Employees' emoluments

Of the five individuals with highest emoluments in the Group, two (2012: none) were the directors of the Company whose emoluments are included in the disclosures in note 15(a). The emoluments of the remaining three (2012: aggregate emolument of five) individuals were as follows:

	2013	2012
	RMB'000	RMB'000
		(Restated)
Salaries, allowances and other benefits	**1,626**	1,840
Retirement benefits scheme contributions	**146**	40
	1,772	1,880

15. DIRECTORS' AND CHIEF EXECUTIVE'S, AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Employees' emoluments *(continued)*

During the years ended 31 December 2013 and 2012, the emoluments for each of the above employees were below HK$1,000,000 (equivalent to approximately RMB781,000) (2012: equivalent to approximately RMB830,000) per annum.

During the years ended 31 December 2013 and 2012, no emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

16. DIVIDENDS

	2013 **RMB'000**	2012 RMB'000 (Restated)
Dividends recognised as distribution	**–**	174,266

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period.

During the year ended 31 December 2012, a final dividend of approximately RMB174,266,000 was proposed and paid to Nanjing Fullshare Holding and Nanjing Jiasheng Property Development Co., Ltd., a former shareholder of Jiangsu Fullshare, by Jiangsu Fullshare.

17. (LOSS) EARNINGS PER SHARE

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

	2013 RMB'000	2012 RMB'000 (Restated)
For continuing and discontinued operation		
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to the owners of the Company	**(241,746)**	30,466
For continuing operation		
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to the owners of the Company	**(209,704)**	30,466
For discontinued operation		
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	**(32,042)**	–

	2013 '000	2012 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,155,454**	1,103,036
Effect of dilutive potential ordinary shares: Conversion of convertible bonds (note)	**–**	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,155,454**	1,103,036

17. (LOSS) EARNINGS PER SHARE *(continued)*

From continuing and discontinued operations

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2012 is determined by reference to the pre-combination capital of Nanjing Fullshare multiplied by the exchange ratio established in the Reverse Takeover Transaction.

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2013 is determined by reference to the pre-combination capital of the Nanjing Fullshare multiplied by the exchange ratio established in the Reverse Takeover Transaction and the weighted average total actual shares of the Company in issue after the completion of the Reverse Takeover Transaction.

No diluted earnings per share for the year ended 31 December 2012 is presented because the Nanjing Fullshare did not have potential ordinary shares outstanding during that year.

Note: The computation of diluted earnings per share for the year ended 31 December 2013 does not assume the conversion of the Company's outstanding HK$500,000,000 convertible bonds, which was issued upon the completion of the Reverse Takeover Transaction since its exercise would result in an increase in earnings per share for the year ended 31 December 2013.

From continuing operation

The denominators used are the same as those detailed above for basic and diluted (loss) earnings per share for the years ended 31 December 2013 and 2012.

From discontinued operation

Basic and diluted loss per share for the discontinued operation for the year ended 31 December 2013 was RMB2.77 cents (2012: nil) per share based on the loss for the year from the discontinued operation attributable to the owners of the Company of approximately RMB32,042,000 (2012: nil) and the denominators detailed above for basic and diluted loss per share for the year ended 31 December 2013.

18. PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2012 (as restated)	1,243	1,200	330	2,773
Additions	–	344	847	1,191
Disposals	–	(121)	–	(121)
At 31 December 2012 and 1 January 2013 (as restated)	1,243	1,423	1,177	3,843
Additions	–	1,785	5	1,790
Acquired on acquisition of subsidiary	–	13	–	13
Written off	–	(257)	(3)	(260)
Disposals	–	(260)	–	(260)
At 31 December 2013	**1,243**	**2,704**	**1,179**	**5,126**
ACCUMULATED DEPRECIATION				
At 1 January 2012 (as restated)	310	425	39	774
Charge for the year	415	368	115	898
Eliminated on disposals	–	(58)	–	(58)
At 31 December 2012 and 1 January 2013 (as restated)	725	735	154	1,614
Charge for the year	396	464	137	997
Eliminated on written off	–	(245)	(2)	(247)
Eliminated on disposal	–	(136)	–	(136)
At 31 December 2013	**1,121**	**818**	**289**	**2,228**
CARRYING VALUES				
At 1 January 2012 (as restated)	933	775	291	1,999
At 31 December 2012 (as restated)	518	688	1,023	2,229
At 31 December 2013	**122**	**1,886**	**890**	**2,898**

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

Leasehold improvement	3 years
Office equipment	3 to 5 years
Motor vehicles	5 years

19. INVESTMENT PROPERTY

	RMB'000
FAIR VALUE	
Transferred from properties held for sale during the year ended 31 December 2013	4,276
Increase in fair value of property held for sale transferred to investment property recognised in profit or loss	1,324
At 31 December 2013	**5,600**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment property at the date of property transferred from properties held for sale and as at 31 December 2013 has been arrived at on the basis of a valuation carried out on the respective dates by CBRE Limited, an independent qualified professional valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment property and information about the fair value hierarchy at the date of transfer and as at 31 December 2013 are as follows:

	Level 2 RMB'000	**Fair value at the date of transfer and as at 31 December 2013 RMB'000**
Commercial property unit located in the PRC	**5,600**	**5,600**

There were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 during the year.

The Group is in the process of obtaining the building ownership certificate for the investment property.

20. GOODWILL

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)
COST		
At beginning of the year	–	–
Arising on acquisition of the Existing Group (note 35)	32,980	–
Derecognised upon disposal of subsidiaries (note 36)	(32,980)	–
At the end of the year	–	–
IMPAIRMENT		
At beginning of the year	–	–
Impairment loss recognised in the year	32,042	–
Elimination upon disposal of subsidiaries (note 36)	(32,042)	–
At the end of the year	–	–
CARRYING VALUES		
At 31 December	–	–

The carrying amount of goodwill arising from the acquisition of the Existing Group allocated to the cash generating unit of manufacturing, sales and trading household electrical appliances ("CGU"). The CGU of manufacturing, sales and trading household electrical appliances had been disposed of at a cash consideration of HK$10,000,000 (equivalent to approximately RMB7,808,000 immediately after the completion of the acquisition of the Existing Group.

For the purpose of impairment testing, the recoverable amount is determined based on the fair value less cost of disposal. At the date of completion of the acquisition of the Existing Group, the directors of the Company considered that the recoverable amount of the CGU is approximately RMB7,808,000 and the net asset value of the CGU is approximately RMB6,870,000, accordingly, an impairment loss on goodwill of approximately RMB32,042,000 is recognised at the date of completion of the aforesaid acquisition.

The fair value of CGU amounted to approximately RMB7,808,000 (Level 1 fair value measurement) represents the actual transaction price by reference to the sale and purchase agreement entered between the Group and a connected party during the year ended 31 December 2013.

21. HELD FOR TRADING INVESTMENTS

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Held for trading investments:			
Listed securities	–	400	3,000

Held for trading investments are stated at fair value. The fair value of held for trading investments has been determined by reference to published price quotations in active markets and quote prices provided by the financial institution respectively on a recurring basis. No gain or loss in fair value of held for trading investments had been recognised during the years ended 31 December 2013 and 2012, there was no material change in fair value.

During the year ended 31 December 2013 and 2012, the held for trading investments as at 31 December 2012 and 1 January 2012 of approximately RMB400,000 and RMB3,000,000 respectively were disposed of. No gain or loss had been recognised as there was no material change in fair value.

22. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Other receivables and deposits (note)	24,182	30,296	31,174
Other tax prepaid	24,335	47,310	37,315
Prepayments	5,091	10,462	19,134
	53,608	88,068	87,623

The Group does not hold any collateral over these balances.

Note: Included in the Group's other receivables and deposits are security deposits with an aggregate balance of RMB21,679,000 (2012: RMB18,470,000) which are paid to certain PRC's government authorities for the property development in the PRC. Such security deposits will be released upon completion of construction. All other receivables and deposits were neither past due nor impaired.

The directors of the Company consider that there has not been a significant change in credit quality of the other receivables, prepayments and deposits and there is no recent history of default, therefore the amounts are considered recoverable.

23. TAX PREPAID

Pursuant to the PRC tax rule, the local tax authority requires the Group to prepay the PRC LAT when pre-sales of properties have been occurred. Tax prepaid represented the PRC LAT and PRC EIT prepaid.

24. PROPERTIES UNDER DEVELOPMENT

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
At the beginning of the year	**1,367,338**	1,061,489	765,158
Additions	**469,171**	286,308	1,138,260
Interest capitalised (note 11)	**22,959**	19,541	31,699
Disposal of a subsidiary	**–**	–	(381,141)
Transferred to properties held for sale	**(979,364)**	–	(492,487)
At the end of the year	**880,104**	1,367,338	1,061,489

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Represented by:			
Land use rights	**631,813**	784,353	782,781
Construction costs and capitalised expenditure	**248,291**	582,985	278,708
	880,104	1,367,338	1,061,489

The carrying amounts of properties under development situated on leasehold land in the PRC are as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Medium-term lease	**215,755**	576,315	447,808
Long-term lease	**664,349**	791,023	613,681
	880,104	1,367,338	1,061,489

At 31 December 2013 and 2012, the Group's properties under development amounting to approximately RMB526,184,000 and RMB776,764,000 respectively were pledged to secure banking facilities granted to the Group (note 39).

As at 31 December 2012, the Group's land use rights classified as properties under development amounting to approximately RMB133,685,000 were pledged to secure banking facilities granted to a company 南京嘉盛景觀建設有限公司 ("Nanjing Jiasheng Landscape") an independent third party to the Group, at a maximum guarantee amount of RMB75,000,000. The pledged land use right was released during the year ended 31 December 2013.

24. PROPERTIES UNDER DEVELOPMENT *(continued)*

According to the accounting policy of the Group, properties under development are classified as current assets as the construction period of the relevant property development projects are expected to be completed in the normal operating cycle.

The carrying amounts of properties under development of approximately RMB277,130,000 and RMB314,350,000 as at 31 December 2013 and 2012 respectively are expected not to be realised within the next twelve months from the end of the reporting period.

As at 31 December 2013 and 2012, the land use right amounted to approximately RMB50,777,000 and RMB13,230,000 respectively, and the Group is in the process of obtaining the land use right certificate for long-term leasehold land.

25. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated in the PRC. All the properties held for sales are stated at cost.

26. AMOUNTS DUE FROM (TO) RELATED PARTIES

Amounts due from related parties:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Mr. Ji[1]	**–**	–	8,000
Nanjing Tiefeng Materials Trading Company Limited* 南京鐵豐物資貿易有限公司[5]	**–**	–	20,000
Chongqing Fengli Trading Company Limited* 重慶豐利大貿易有限公司[3]	**–**	–	4,107
Nanjing Fullshare Property Development Company Limited* 南京豐盛置業發展有限公司[3]	**–**	–	20,000
Jiangsu Fullshare Trade Development Company Limited* 江蘇豐盛貿易發展有限公司 ("Jiangsu Fullshare Trading")[2]	**–**	–	84,908
	–	–	137,015

26. AMOUNTS DUE FROM (TO) RELATED PARTIES *(continued)*

Amounts due to related parties:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Nanjing Fullshare Holding[4]	–	61,109	314,117
Nanjing Xiaocai Yidie Media Company Limited*[2]	–	–	600
Nanjing Fullshare Investment Group Co., Ltd.* 南京豐盛投資集團有限公司 ("Nanjing Fullshare Investment")[3]	–	–	12,971
	–	61,109	327,688

1 Mr. Ji is the controlling shareholder of Nanjing Fullshare.

2 It is a subsidiary of Nanjing Fullshare Holding with 70% equity interest held by Nanjing Fullshare Holdings which is the ultimate holding company of Nanjing Fullshare. The remaining 30% equity interest is held by a company controlled by Mr. Ji.

3 It is a company controlled by a close family member of Mr. Ji.

4 It is a company controlled by Mr. Ji.

5 It is a subsidiary of Nanjing Fullshare Holding.

* For identification purpose only.

The amounts due from (to) related parties are unsecured, interest-free and repayable on demand.

27. PLEDGED BANK DEPOSITS

Pledged bank deposits represent pledged deposits for the facilities granted by the banks to the Group (note 39). The pledged bank deposits carry interest at floating daily bank deposits rate.

28. BANK BALANCES AND CASH

(i) Bank balances and cash comprised of cash on hand and deposits with an original maturity of three months or less.

(ii) Bank balances carried interest at prevailing market interest rate of ranged from 0.001% to 0.385% per annum for the year ended 31 December 2013 (2012: 0.41% to 0.5%).

(iii) As at 31 December 2013, approximately RMB11,481,000 (2012: nil) of the bank balances and cash of the Group were denominated in HK$ which is a currency other than RMB while the remaining balances were denominated in RMB.

29. TRADE AND OTHER PAYABLES

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Trade payables	**28,321**	23,824	30,722
Bills payables	**1,445**	210	58,000
Other tax payables	**38**	6,665	5,420
Other payables	**12,063**	8,019	77,503
Dividend payable	**–**	17,427	–
Accrued expenses	**146,696**	47,517	32,399
	188,563	103,662	204,044

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

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Within 90 days	**24,412**	21,761	15,325
91-180 days	**990**	41	14,335
181-365 days	**2,737**	1,337	1,020
Over 1 year	**182**	685	42
	28,321	23,824	30,722

The Group has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

30. RECEIPT IN ADVANCE

Receipt in advance represents sales proceeds received from customers in connection with the Group's pre-sale of properties during the years ended 31 December 2013 and 2012.

31. BANK AND OTHER BORROWINGS

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Unsecured	90,000	–	–
Secured	180,000	231,500	285,000
	270,000	231,500	285,000
Carrying amount repayable:			
On demand or within one year	155,000	131,500	130,000
More than one year but not exceeding two years	115,000	100,000	155,000
	270,000	231,500	285,000
Less: amounts due within one year shown under current liabilities	(155,000)	(131,500)	(130,000)
Amounts shown under non-current liabilities	115,000	100,000	155,000

The Group's bank borrowings are interest-bearing as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Fixed-rate borrowings	10,000	–	–
Variable-rate borrowings	260,000	231,500	285,000
	270,000	231,500	285,000

The ranges of effective interest rates per annum on the Group's borrowings at the end of the reporting period are as follows:

	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
Fixed-rate borrowings	7.80%-7.995%	–	–
Variable-rate borrowings	6.15%-7.98%	7.04%-7.69%	6.65%-7.68%

All bank and other borrowings were denominated in RMB.

31. BANK AND OTHER BORROWINGS *(continued)*

As at 31 December 2013, bank borrowing of approximately RMB180,000,000 was secured against certain properties under development as disclosed in note 24 and were guaranteed by China City Construction Second Engineering Bureau Group Co, Ltd.* 中城建第二工程局集團有限公司, an independent third party to the Group. As at 31 December 2012, bank borrowings of approximately RMB231,500,000, was secured against certain properties under development as disclosed in note 24 and were guaranteed by Nanjing Fullshare Holding.

* For identification purpose only.

32. ISSUED EQUITY

Due to the application of the reverse acquisition basis of accounting, the issued capital of the Group represents the issued capital of the legal subsidiary, Nanjing Fullshare, immediately before the acquisition of RMB400,000,000 before the Reverse Takeover Transaction, and in case after the Reverse Takeover Transaction, the deemed cost of acquisition of the Existing Group of RMB39,307,000 (notes 2 and 35).

(a) Issued capital of the Group

	Group Issued Capital RMB'000
At 1 January 2012 (as restated) (Note i)	100,000
Increase in paid-in capital upon loan capitalisation	300,000
Increase in paid-in capital arising from Reorganisation (Note ii)	400,000
Reorganisation (Note iii)	(400,000)
At 31 December 2012 and 1 January 2013 (as restated)	400,000
Acquisition of subsidiaries (note 35)	39,307
At 31 December 2013	**439,307**

Notes:

(i) The issued equity of the Group at 1 January 2012 represented the aggregate paid-in capital of Jiangsu Fullshare, which has been under the common control of Mr. Ji and Nanjing Fullshare Holding and is directly held by Nanjing Fullshare after Reorganisation. Details of the Reorganisation are set out in the "History and Background of the Target Group" of the Circular of the Company dated 28 October 2013.

(ii) Nanjing Fullshare was incorporated on 19 July 2012. The capital injection represents cash injection from Nanjing Fullshare Holding to increase the paid-in capital of Nanjing Fullshare of RMB400,000,000.

(iii) On 10 August 2012, Nanjing Fullshare Holding entered into an equity transfer agreement with the Nanjing Fullshare, pursuant to which Nanjing Fullshare Holding agreed to sell the entire equity interest in Jiangsu Fullshare to Nanjing Fullshare at a consideration of RMB400,000,000. The issued share capital of Nanjing Fullshare represented the consideration paid for exchange of the equity interest of Jiangsu Fullshare. After the Reorganisation, Nanjing Fullshare became the holding company of Jiangsu Fullshare and its subsidiaries.

32. ISSUED EQUITY *(continued)*

(b) Share Capital of the Company

	Number of shares	Nominal value of ordinary shares HK$'000	RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2012 and 31 December 2012	8,000,000,000	80,000	
Increase in authorised share capital (note i)	12,000,000,000	120,000	
At 31 December 2013	**20,000,000,000**	**200,000**	
Issued and fully paid:			
At 1 January 2012 and 31 December 2012	422,000,000	4,220	3,295
Issuance upon Open Offer (note ii)	1,688,000,000	16,880	13,179
At 31 December 2013	**2,110,000,000**	**21,100**	**16,474**

Note:

(i) Pursuant to an ordinary resolution passed on 13 November 2013, the authorised share capital of the Company was increased from HK$80,000,000 to HK$200,000,000 by the creation of 12,000,000,000 additional shares of HK$0.01 each, ranking pari passu in all aspects with the existing shares of the Company.

(ii) Details are set out under the heading of the Open Offer of note 2 to the consolidated financial statements.

33. CONVERTIBLE BONDS

On 12 December 2013, the Company issued 2% convertible bonds with principal amount of HK$500,000,000 (equivalent to approximately RMB390,381,000). The convertible bonds can be converted up to 10,000,000,000 ordinary shares at HK$0.05 each. The convertible bonds entitled their holders to convert them into ordinary shares of the Company at any time from the date of the issue up to and including the date which 5 business days prior to the maturity date (i.e. 12 December 2018) of the convertible bonds. The convertible bonds cannot be early redeemed by their holders or the Company. None of the convertible bonds was converted into ordinary shares of the Company during the year ended 31 December 2013. If the convertible bonds have not been converted at any time before the due date, they would be repaid by the Company on 12 December 2018.

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)
Convertible bonds issued by the Company:		
At beginning of the year	**–**	–
Issue of convertible bonds during the year	**390,381**	–
Change in fair value of convertible bonds	**292,866**	–
At the end of the year	**683,247**	–

The convertible bonds of the Group will be matured in December 2018, hence the convertible bonds of the Group were classified as non-current liabilities as at 31 December 2013 (31 December and 1 January 2012: nil).

The fair value of the convertible bonds at 31 December 2013 is approximately HK$875,103,000 (equivalent to approximately RMB683,247,000), which is determined taking into account a valuation carried out by AVISTA Valuation Advisory Limited, an independent qualified valuer not connected to the Group, using the binomial model.

33. CONVERTIBLE BONDS *(continued)*

The fair value of the convertible bonds at the end of the reporting period was calculated using the market value basis. Major parameters adopted in the calculation of the fair value are summarised below:

	31 December 2013
Share price at 31/12/2013	HK$0.26
Conversion price	HK$0.05
Expected volatility (note i)	47%
Expected life (note ii)	59.5 months
Discount rate (note iii)	15.05%

Notes:

(i) Expected volatility was determined by the average volatility of the comparable companies as the proxy to derive the expected volatility of the underlying share.

(ii) Expected life was the expected remaining life of the convertible bonds.

(iii) Discount rate is derived based on yield of comparable bonds with similar credit ratings applicable for the Company, after adjustments for country risk premium, illiquidity, etc.

34. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities is as follows:

	Change in fair value of investment properties RMB'000
At 1 January 2012, 31 December 2012 and 1 January 2013	–
Charged to profit or loss	331
At 31 December 2013	331

At the end of the reporting period, the Group has unused tax losses of approximately RMB1,265,000 (2012: RMB41,777,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

35. BUSINESS COMBINATIONS

As mentioned in note 2 above, on 12 December 2013, Mighty Fame acquired the entire equity interest of the Nanjing Fullshare Group and Nanjing Fullshare is treated as the acquirer for accounting purpose in the business combination under HKFRS 3. Reverse acquisition accounting has been adopted to account for the Reverse Takeover Transaction, and accordingly these consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Nanjing Fullshare Group, and the results of the Existing Group have been consolidated since the completion date of the Reverse Takeover Transaction.

Details of the net assets of the Existing Group and goodwill arising from the Reverse Takeover Transaction are as follows:

	RMB'000
Purchase Consideration	
Consideration deemed to have been paid by the Nanjing Fullshare Group (note 2)	39,307
Less: Fair value of net assets acquired (note (i))	(6,327)
Goodwill	32,980

Notes:

(i) The separately identifiable assets acquired and liabilities of the Existing Group as at the completion date of the Reverse Takeover Transaction were as follows:

	Acquiree's carrying amount and fair value RMB'000
Plant and equipment	13
Other receivables, prepayments and deposits	583
Bank balances and cash	3,673
Trade and other payables#	(4,812)
Assets classified as held for sale of the Disposal Group (note 13)	11,014
Liabilities classified as held for sale of the Disposal Group (note 13)	(4,144)
	6,327

Goodwill arose in the acquisition of the Existing Group because the cost of the combination included a control premium.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

The balance is after the amount of approximately RMB279,270,000 waived before the completion of the Reverse Takeover Transaction pursuant to the Debt Restructuring as detailed in note 2.

35. BUSINESS COMBINATIONS *(continued)*

	RMB'000
Net cash outflow in respect of the Acquisition	
Cash Consideration (Note)	390,381
Less: Bank balances and cash acquired	
– Existing Group, except asset held for sale	(3,673)
– from assets held for sale	(829)
	385,879

Note: The cash consideration of HK$500,000,000 (equivalent to approximately RMB390,381,000) represented the distribution of cash to Nanjing Fullshare Holding, the accounting acquirer's shareholder, at the date of completion.

Included in the loss for the year of approximately RMB327,626,000 was attributable to the additional business generated by the Existing Group. No revenue for the year was generated from the Existing Group.

Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been RMB859,393,000 and the profit for the year would have been RMB2,074,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

36. DISPOSAL OF SUBSIDIARIES

As referred to in note 13, on 12 December 2013, the Group has disposed of the Disposal Group. The net assets of the Disposal Group at the date of disposal were as follows:

	RMB'000
Consideration received:	
Consideration received in cash	7,808

36. DISPOSAL OF SUBSIDIARIES *(continued)*

	12/12/2013 RMB'000
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	2,765
Inventories	3,223
Trade receivables	3,389
Other receivables, prepayments and deposits	808
Bank balances and cash	829
Trade and other payables	(4,144)
Net assets disposed of	6,870
Result on disposal of a subsidiary:	
Goodwill released upon disposal	(938)
Consideration received in cash	7,808
Net assets disposed of	(6,870)
	–
Net cash inflow arising on disposal	
Consideration received in cash	7,808
Less: Bank and cash balances disposed of	(829)
	6,979

37. RETIREMENT BENEFIT SCHEMES

The Group enrolled all Hong Kong employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF scheme, which contribution is matched by the employees.

The Group's subsidiaries operating in the PRC participate in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. These subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under these schemes.

The total cost charged to consolidated statement of comprehensive income of approximately RMB2,127,000 (2012: RMB727,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

38. COMMITMENT

a) Operating lease commitments

The Group as lessee

The Group leases certain of its offices under operating lease arrangements. The leases typically run for an initial period of three to six years. Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

At the end of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Within one year	**1,931**	659	608
In the second to fifth years inclusive	**2,396**	1,313	1,902
Over five years	**301**	–	–
	4,628	1,972	2,510

b) Capital commitments

At the end of the reporting periods, the Group had the following capital commitments for properties under development:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Authorised but not contracted for	**1,351,191**	1,967,473	1,978,281
Contracted but not provided for	**446,738**	603,305	548,076

39. PLEDGE OF ASSETS

(a) At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Properties under development	**526,184**	776,764	412,425
Pledged bank deposits	**1,445**	210	58,000
	527,629	776,974	470,425

(b) At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to Nanjing Jiasheng Landscape:

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Property under development – Land use rights	**–**	133,685	133,685

40. CONTINGENT LIABILITIES

(a) Guarantees in respect of mortgage facilities for purchasers of the Group's property units

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**485,887**	259,107	190,753

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. Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration and receipt of such certificate by the bank; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

40. CONTINGENT LIABILITIES *(continued)*

(a) Guarantees in respect of mortgage facilities for purchasers of the Group's property units *(continued)*

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 dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value are immaterial.

The fair value of the Group's financial guarantees has been assessed by CBRE Limited, an independent qualified valuer not connected to the Group.

(b) Guarantees in respect of banking facilities for Nanjing Jiasheng Landscape

	31 December 2013 RMB'000	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
Guarantees in respect of banking facilities for Nanjing Jiasheng Landscape	–	75,000	75,000

41. RELATED PARTIES TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions during the year ended 31 December 2013 and 2012:

Name of party	Relationship
Nanjing Fullshare Holding*	Ultimate controlled by Mr. Ji, which is also the shareholder and director of the Company
Jiangsu Fullshare Trading*	Ultimately controlled by Nanjing Fullshare Holding
Jiangsu Anke Medical Systems Engineering Co. Ltd ("Jiangsu Anke Medical Systems")*	Ultimately controlled by Nanjing Fullshare Holding
Nanjing Fullshare Energy Management Company Limited*	Ultimately controlled by Mr. Ji
Nanjing Fullshare Dazu Technology Co., Ltd.*	Ultimately controlled by Mr. Ji

* For identification purpose only.

41. RELATED PARTIES TRANSACTIONS *(continued)*

(a) *(continued)*

Nature of transaction	Notes	**2013** **RMB'000**	2012 RMB'000 (Restated)
(a) Corporate bank loans guarantee granted by Nanjing Fullshare Holding	(i)	**–**	650,000
(b) Decoration construction services to the model apartment by Jiangsu Anke Medical Systems	(ii)	**–**	450
(c) Purchase of construction materials from Jiangsu Fullshare Trading	(ii)	**10,580**	25,952
(d) Property management services provided by Nanjing Fullshare Energy management Company Limited	(iii)	**89**	170
(e) Rental paid to Nanjing Fullshare Dazu Technology Co., Ltd.	(iv)	**787**	-
(f) Information technology service provided by Nanjing Fullshare Holding	(iii)	**98**	-

Notes:

(i) The terms of the transactions were determined on a mutually agreed basis.

(ii) The terms in relation to purchases from Jiangsu Anke Medical System and Jiangsu Fullshare Trading during the years ended 31 December 2013 and 2012 were agreed by both parties.

(iii) The terms in relation to services provided by Nanjing Fullshare Energy Management Company Limited and Nanjing Fullshare Holding during the years ended 31 December 2013 and 2012 were agreed by both parties.

(iv) The terms in relation to rental paid to Nanjing Fullshare Dazu Technology Co., Ltd. during the year ended 31 December 2013 were agreed by both parties.

41. RELATED PARTIES TRANSACTIONS *(continued)*

(a) *(continued)*

Only the transactions (e) and (f) of the above transactions fall within the definition of "continuing connected transactions" in Chapter 14A of the Listing Rules but are de minimis transactions which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2013 **RMB'000**	2012 RMB'000 (Restated)
Salaries and other benefits in kind	**2,970**	1,840
Retirement benefits scheme contributions	**284**	40
	3,254	1,880

Their remuneration was within the following bands:

	2013 **RMB'000**	2012 RMB'000 (Restated)
Nil to HK$1,000,000 (equivalent to nil to RMB781,000)	**10**	6
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,172,000 to RMB1,562,000)	**1**	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

a) General information of subsidiaries

Details of the principal subsidiaries held by the Company as at the end of reporting period is as follows:

Name of Subsidiary	Place of incorporation/ registration and operation	Paid up issued/ ordinary share capital	Percentage of equity attributable to the Company indirectly		Principal activities
			31 December 2013	31 December 2012	
Jiangsu Fullshare	The PRC	RMB400,000,000	**100%**	100%	Property development
Chongqing Tongjing Changhao Property Limited* (重慶同景昌浩置業有限公司) ("Chongqing Tongjing")	The PRC	RMB240,000,000	**90%**	90%	Property development

* For identification purpose only.

Notes:

(i) The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(ii) None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		31 December 2013	31 December 2012
Investment holdings	The PRC	**1**	–
	Hong Kong	**1**	1

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ registration and operation	Paid up issued/ ordinary share capital	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			31 December 2013	31 December 2012	**Year ended 31 December 2013**	Year ended 31 December 2012	**31 December 2013**	31 December 2012
Chongqing Tongjing	The PRC	RMB240,000,000	**10%**	10%	**8,336**	(3,167)	**27,829**	19,463

The summarised financial information in respect of the Group's subsidiary that has non-controlling interests that are material to the Group, before intragroup eliminations:

Chongqing Tongjing	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Current assets	**644,874**	792,821
Non-current assets	**6,717**	2,099
Current liabilities	**372,965**	600,290
Non-current liabilities	**331**	–
Equity attributable to owners of the Company	**250,465**	175,167
Non-controlling interests	**27,829**	19,463

	Year ended 31 December 2013 RMB'000	Year ended 31 December 2012 RMB'000
Revenue and other income	**442,489**	1,601
Expenses	**358,825**	33,276
Profit (loss) for the year	**83,664**	(31,675)
Profit (loss) and other comprehensive income (expense) attributable to owners of the Company	**75,298**	(28,508)
Profit (loss) and other comprehensive income (expense) attributable to the non-controlling interests	**8,366**	(3,167)
Profit (loss) and other comprehensive income (expense) for the year	**83,664**	(31,675)
Net cash inflow (outflow) from operating activities	**44,747**	(27,331)
Net cash (outflow) inflow from investing activities	**(182)**	58,442
Net cash (outflow) inflow from financing activities	**(96,202)**	(11,686)
Net cash (outflow) inflow	**(51,636)**	19,425

43. MAJOR NON CASH TRANSACTION

During the year ended 31 December 2012, the registered capital of Jiangsu Fullshare was increased by RMB300,000,000 by way of capitalisation of a loan from Nanjing Fullshare Holding.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**31 December 2013 RMB'000**	31 December 2012 RMB'000 (Restated)
Non-current assets			
Investment in a subsidiary, unlisted	a	**–**	–
Plant and equipment		**13**	–
		13	–
Current assets			
Deposits		**583**	226
Amount due from a subsidiary	b	**390,429**	47
Bank balances and cash		**11,442**	9
		402,454	282
Current liabilities			
Other payables		**7,530**	14,114
Amount due to a shareholder	c	**–**	12,706
Amount due to a deconsolidated subsidiary	c	**–**	1,775
Amount due to a former subsidiary	c	**–**	1,912
Guarantor's liability		**–**	271,698
Unsecured bank overdrafts		**–**	20
		7,530	302,225
Net current assets (liabilities)		**394,924**	(301,943)
		394,937	(301,943)
Capital and reserves			
Share Capital		**16,474**	3,295
Reserves	d	**(304,784)**	(305,238)
Capital deficiency		**(288,310)**	(301,943)
Non-current liability			
Convertible Bonds		**683,247**	–
Total equity (Capital deficiency) and non-current liability		**394,937**	(301,943)

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes:

(a) Investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

Mighty Fame is directly wholly-owned by the Company. The investment cost of Mighty Fame is HK$1.

(b) Amounts due from a subsidiary

The amounts are unsecured, non-interest bearing and repayable on demand.

(c) Amounts due to a shareholder/deconsolidated subsidiary/former subsidiary

The amounts are unsecured, non-interest bearing and repayable on demand.

(d) Movement in reserves

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Accumulated losses RMB'000	Total equity RMB'000
1 January 2012 (Restated)	3,295	66,261	82,603	(439,459)	(287,300)
Loss and total comprehensive expense for the year	–	–	–	(14,643)	(14,643)
At 31 December 2012 and 1 January 2013 (Restated)	3,295	66,261	82,603	(454,102)	(301,943)
Open offer	13,179	52,717	–	–	65,896
Loss and total comprehensive expense for the year	–	–	–	(52,263)	(52,263)
At 31 December 2013	**16,474**	**118,978**	**82,603**	**(506,365)**	**(288,310)**

Financial Summary

RESULTS

	2009 HKD'000 (restated)	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000 (restated)	**2013** **RMB'000**
Turnover	–	111,634	310,933	399,140	**859,393**
Profit/(loss) before taxation	(20,200)	20,760	125,500	107,391	**(113,255)**
Taxation	–	(8,027)	(47,610)	(73,994)	**(88,083)**
Profit/(loss) for the year from continuing operations	(20,200)	12,733	77,890	33,397	**(201,338)**
Loss for the year from discontinued operations	(596)	–	–	–	**(32,042)**
Profit/(loss) for the year	(20,796)	12,733	77,890	33,397	**(233,380)**
Attributable to:					
Equity holders of the Company	(20,796)	12,915	76,693	30,466	**(241,746)**
Non-controlling interests	–	(182)	1,197	2,931	**8,366**
	(20,796)	12,733	77,890	33,397	**(233,380)**

ASSETS AND LIABILITIES

	2009 HKD'000 (restated)	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000 (restated)	**2013** **RMB'000**
Total assets	20,465	1,685,762	1,744,279	1,681,096	**1,465,497**
Total liabilities	(438,991)	(1,526,573)	(1,513,701)	(1,291,387)	**(1,660,242)**
Total equity/(capital deficiency)	(418,526)	159,189	230,578	389,709	**(194,745)**
Attributable to:					
Equity holders of the Company	(418,526)	129,117	188,455	370,246	**(222,574)**
Non-controlling interests	–	30,072	42,123	19,463	**27,829**
	(418,526)	159,189	230,578	389,709	**(194,745)**

Note: The figures for the years 2010, 2011, 2012 and 2013 have been prepared as a continuation of the consolidated financial statements of Nanjing Fullshare Asset Management Limited, being the acquirer of the Company for accounting purpose in a very substantial acquisition and reverse takeover completed on 12 December 2013, throughout the four years and please refer to note 2 in the Notes to the Consolidated Financial Statements for details. The figures for the year 2009 are not restated on the same basis as the cost to produce such information outweighs the benefits and the figures for the year 2009 represented the restated figures (due to discontinued operations) of the consolidated financial statements of Warderly International Holdings Limited for the year ended 30 April 2009 published in its 2013 annual report for the year ended 30 April 2013.