Overseas Chinese Town (Asia) Holdings Limited
華僑城(亞洲)控股有限公司
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366

Annual Report 2013

Contents

Corporate Information

Board of Directors	**Executive Directors** Ms. Wang Xiaowen *(Chairman)* Ms. Xie Mei *(Chief Executive Officer)* Mr. Yang Jie **Non-executive director** Mr. Zhou Ping **Independent non-executive directors** Mr. Lu Gong Ms. Wong Wai Ling Professor Lam Sing Kwong Simon
Audit Committee	Ms. Wong Wai Ling *(Chairman)* Professor Lam Sing Kwong Simon Mr. Zhou Ping
Remuneration Committee	Ms. Wong Wai Ling *(Chairman)* Professor Lam Sing Kwong Simon Mr. Zhou Ping
Nomination Committee	Ms. Wang Xiaowen *(Chairman)* Ms. Wong Wai Ling Professor Lam Sing Kwong Simon
Company Secretary and Qualified Accountant	Mr. Fong Fuk Wai *(FCPA, FCCA, ACA)*
Head Office and Principal Place of Business	Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Registered Office	Clifton House PO Box 1350 GT 75 Fort Street Grand Cayman Cayman Islands
Auditor	RSM Nelson Wheeler Certified Public Accountants 29th Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Hong Kong

Corporate Information

Hong Kong Legal Advisor	Loong & Yeung Suites 2001-2005 20/F Jardine House, 1 Connaught Place Central, Hong Kong
Principal Bankers	Nanyang Commercial Bank Hang Seng Bank Limited Standard Chartered Bank (HK) Ltd. China Merchants Bank Hong Kong Branch
Principal Share Registrar and Transfer Office	Appleby Corporate Services (Cayman) Limited Clifton House PO Box 1350 GT, 75 Fort Street Grand Cayman, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17/F Hopewell Centre 183 Queen's Road East, Hong Kong
Stock Information	Listing Date: 2 November 2005 Stock Code: 03366 Stock Short Name: OCT (ASIA)
Company website	http://www.oct-asia.com
Authorized Representatives	Ms. Xie Mei Mr. Fong Fuk Wai

Financial Highlights

Summary of Consolidated Statement of Profit or Loss

for the year ended 31 December 2013

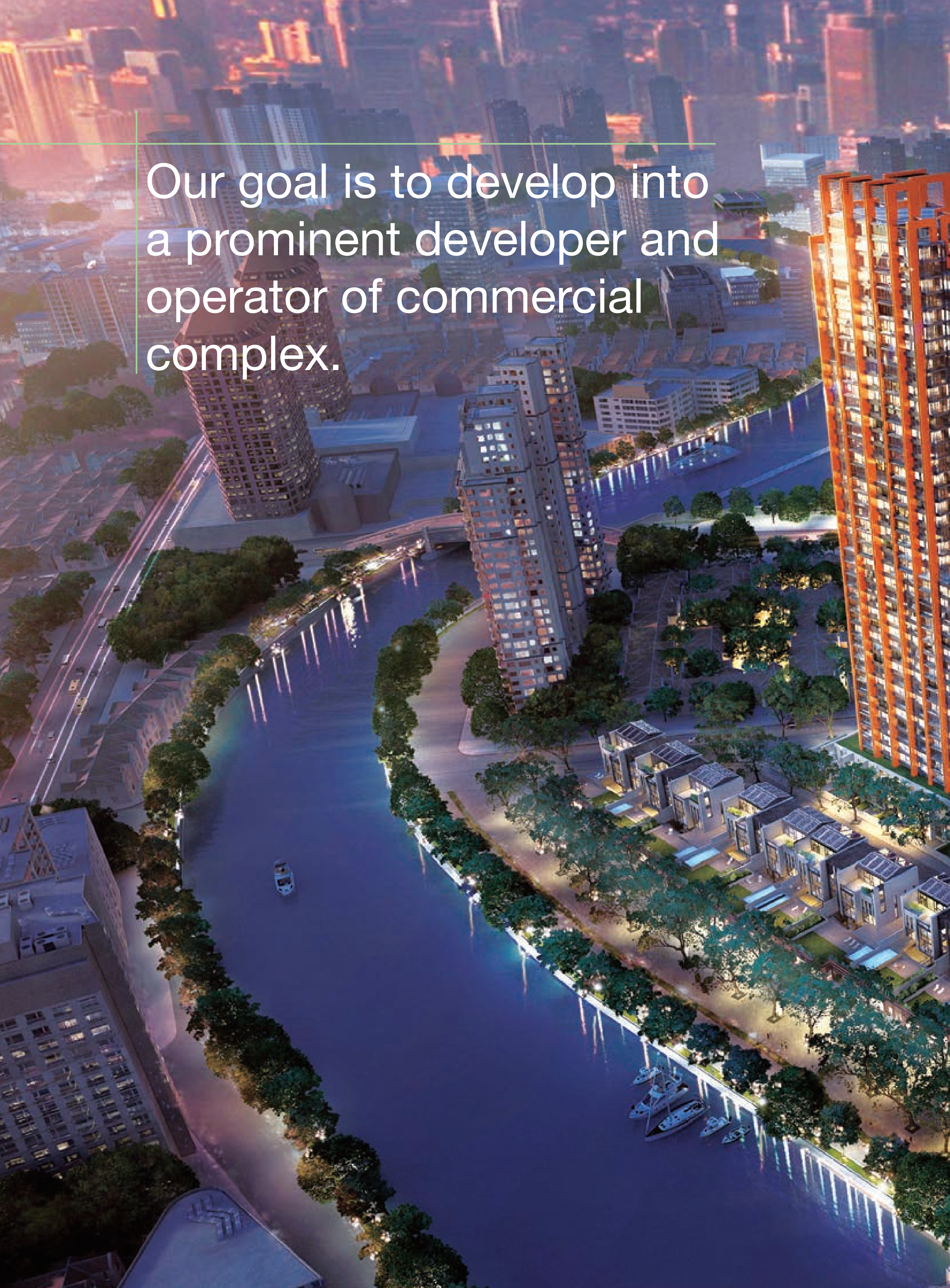
	2013 RMB'000	2012 RMB'000	Changes
Turnover	**4,058,517**	3,452,883	17.5%
Gross Profit	**1,479,632**	1,185,730	24.8%
Profit from Operations	**1,137,032**	801,004	42.0%
Profit before tax	**1,002,128**	738,068	35.8%
Attributable to:			
Owners of the Company	**235,905**	177,236	33.1%
Dividend payable to owners of the Company attributable to the year			
Proposed final dividend after the end of the reporting period	**47,611**	32,488	46.5%
Basic earnings per share (RMB)	**0.41**	0.35	17.1%

Summary of Consolidated Statement of Financial Position

as at 31 December 2013

	2013 RMB'000	2012 RMB'000	Changes
Cash and cash equivalents	**1,711,357**	1,525,861	12.2%
Total assets	**21,101,905**	20,138,435	4.8%
Total assets less current liabilities	**15,575,194**	12,230,393	27.3%
Total equity attributable to owners of the Company	**2,743,518**	1,749,567	56.8%

Our goal is to develop into a prominent developer and operator of commercial complex.



Chairman's Statement

I am pleased, on behalf of Overseas Chinese Town (Asia) Holdings Limited (the "Company") and its subsidiaries (the "Group"), to present to all shareholders the operating results and annual report of the Group for the year ended 31 December 2013, and would like to express my sincere gratitude to all shareholders and all the staff.

Business Review

During the period under review, the Group faced complicated economic situations both domestically and abroad. It persisted with established strategic targets and steadily implemented the strategic transition of the Company. For the year ended 31 December 2013, the Company recorded a turnover of approximately RMB4,059 million, representing an increase of approximately 17.5% over the corresponding period of 2012; profit attributable to owners were approximately RMB236 million, representing an increase of approximately 33.1% over the corresponding period of 2012.

Comprehensive Development Business

In 2013, the Group grasped market opportunities and fully utilized its brand's advantage, introduced scarce and high quality products. By leveraging clear market positioning and flexible marketing strategies, sales of the Group were actively promoted and its comprehensive development business achieved positive operational results. During the period under review, the Company's comprehensive development business recorded a turnover of approximately RMB3,279 million, representing an increase of approximately 25.0% over the corresponding period of 2012; profit attributable to owners was approximately RMB221 million, representing an increase of approximately 43.2% over the corresponding period of 2012.

The Company currently holds 5 comprehensive development projects in total with controlling interest and participation interest, including Shanghai Suhewan, Chengdu OCT, Tianjin Tianxiao, Beijing Unique Garden and Xi'an OCT projects.

Chairman's Statement

The Company holds

50.5% equity interest

Shanghai Suhewan

Shanghai Suhewan project is advantageously situated at the junction of Suzhou River and Huangpu River banks, spanning across 1 km on the shorelines of Suzhou River and within the core district of the Inner Ring, Shanghai and possesses the scarce landscape resources. The project comprises of three parcels of land, namely 1 Jiefang, 41 Jiefang and 42 Jiefang with a total site area of approximately 71,000 sq.m., a gross floor area (above ground) of approximately 280,000 sq.m. and a total gross floor area of approximately 430,000 sq.m.. The project includes multi-storey riverside residential buildings, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and studios for artists, etc. The project is scheduled to be completed in 2016.

In 2013, Shanghai Suhewan project introduced the T3 Tower located in 1 Jiefang, the highest residential tower in Puxi (浦西), which overlooks Lujiazui. Other products for sale include the apartment-style offices and some boutique business premises located in 41 Jiefang. During the period under review, contracted sales area and revenue of the project reached approximately 28,700 sq.m. and approximately RMB1,862 million respectively, while the area and revenue settled were approximately 26,400 sq.m. and approximately RMB1,630 million respectively.

Chairman's Statement

In 2013, Shanghai Suhewan project was awarded the "2013 International Luxury Residence Pennant" and "2013 Commercial Property with Greatest Investment Value in China Award" by house.163.com and 21st Century Business Herald respectively.

Chengdu OCT

The Company holds **51**% equity interest

Chengdu OCT Project is located at both sides of Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, which has been developed into a composite project, comprising residential, commercial properties and a theme park, occupying a total site area of approximately 1,827,000 sq.m. and gross floor area of approximately 2,250,000 sq.m..

During the period under review, Chengdu OCT recorded a turnover of approximately RMB1,604 million. The residential products launched in 2013 were mainly high-rise residential properties, and part of the low-density residential properties and multi-storey residential properties, while high-end office products were also introduced for the first time. This product is a 5A business premise which fills the absence of high-end office premises in the northern part of Chengdu. In 2013, the contracted sales area and revenue of the residential and office property reached approximately 144,100 sq.m. and approximately RMB1,498 million respectively, while the settled area and revenue were approximately 127,500 sq.m. and approximately RMB1,385 million respectively. The current rentable area for commercial use is approximately 78,500 sq.m., of which 96% has been occupied. The second phase of theme park "Chengdu Happy Valley" was officially opened at the end of May 2013, adding 10,000 sq.m. of area while ticket prices were also raised. The second phase consists

Chairman's Statement

of high-tech attractions such as supersize spherical flying theater and 4D full-view theatre, which represents substantial optimization and enhancement of the internal product structure and overall brand name of Chengdu Happy Valley. The park has attracted approximately 2.55 million visitors, which revenue amounted to approximately RMB270 million, representing an increase of approximately 9.6% over the same period of 2012.

Tianjin Tianxiao

The Company holds 100% equity interest

Tianjin Tianxiao project is located at Jintang Road, Hedong District, Tianjin, the PRC (the"Land"). The aggregate site area is approximately 132,000 sq.m. and the total gross floor area is approximately 316,000 sq.m., which will be comprised of high-rise residential properties, multi-storey residential properties and shops. The Group has acquired the entire equity interest of Tianjing Tianxiao project pursuant to the agreement entered into between the Group and 天津津濱發展股份有限公司 (Tianjin Jinbin Development Company Limited) (the "Vendor") on 2 November 2012 (as supplemented by a supplement agreement between the parties of the same date) (the"Agreements"). As of currently, the Vendor has still not delivered the Land. The Group has all along been urging the Vendor to perform and fulfill its contractual obligations and at the same time requiring the Vendor to complete site formation of the Land and deliver the Land to the Group as soon as possible. The commencement date of the construction will be delayed to a time to be determined depending on the date of delivery of the Land.

The Company holds 33% equity interest

Beijing Unique Garden

Beijing Unique Garden is located at Laiguangyingxiang in Chaoyang District, Beijing, the PRC with a total site area of approximately 73,000 sq.m. and a total gross floor area of approximately 182,000 sq.m.. The project consists of residential properties entirely and is scheduled to be completed in 2016. In the second half of 2013, Beijing Unique Garden launched pre-sale of the first batch of high-rise residential properties and received positive response. The contracted sales area and revenue were approximately 23,000 sq.m. and RMB993 million respectively.

Chairman's Statement

Xi'an OCT

Located at No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shanxi Province, Xi'an OCT Project is in proximity to several famous scenic spots. The land has a total site area of approximately 137,000 sq.m., most products are low density residential properties. During the period under review, contracted sales area and revenue reached approximately 19,000 sq.m. and approximately RMB430 million respectively. The settled area and revenue were approximately 23,000 sq.m. and approximately RMB510 million respectively. During the period under review, the project contributed approximately RMB26.44 million of investment returns to the Company.

The Company holds

25% equity interest

Chairman's Statement

Paper Packaging Business

The Group has nearly 30 years of experience in the packaging and printing industry. It has set up four manufacturing bases in the Pearl River Delta and Yangtze River Delta, and branches located in places such as Huizhou, Zhongshan, Shanghai, Chuzhou, Wuhan, Suzhou, and has built up the "Huali" brand with solid customer base and good market reputation.

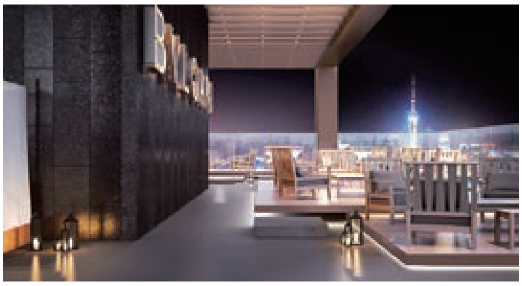
In 2013, global economy experienced weak recovery while domestic economic growth slowed down. Manufacturing industries and the related supporting industry, the paper packaging industry faced weak market demand, reduced orders and there was a constant increase in operating costs. The production operations of the Company's paper packaging business was thus moderately affected. Facing unfavorable factors in the operating environment, the Group has put greater effort in expanding the domestic sales market to overcome operating difficulties and also focused on enhancing internal management to raise the efficiency and quality of internal operations.

During the period under review, paper packaging business recorded a turnover of approximately RMB780 million, representing a decrease of approximately 5.9% over the same period of 2012. Profit attributable to owners amounted to approximately RMB15.39 million representing a decrease of approximately 33.9% over the same period in 2012.

Outlook

Looking forward to 2014, global economy is expected to maintain stable growth, but uncertainties still exist. Major developed economies will developed on the basis of gradual recovery and will continue to be stable, while the development of emerging economies will be affected by the withdrawal of quantitative easing policies from the USA. China's economy will continue to be in the adjustment stage of structural transition and upgrade. The new session of the PRC government is expected to focus on "increasing activity, stabilizing forecasts, promoting transition" and maintain the continuity and stability of macroeconomic policies to promote a stable economy.

Chairman's Statement



The Chinese government has paid more attention to ensuring the sustainable development of the real estate market with market-oriented approaches, and emphasized on making the market a decisive factor in resources allocation. The Group believes market orientation will benefit the healthy development of the real estate market. Also, benefiting from the gradual establishment of the centralised market for urban and rural construction land and the actively implemented people-based urbanisation, we predict the real estate market in 2014 will become more reasonable and stable, but regional diversion will intensify while demand and pricing will grow faster in first and second tier cities. The Company's projects are located in the economic centers of China which will benefit the Company's business development.

Comprehensive development business

In 2014, the Group will strengthen its brand advantage, actively face market changes, grasp good opportunities to enter into the market, focus on differentiated marketing, discover client resources and promote sales growth. At the same time, the Group will persist with the quick turnover rate strategy, introduce products according to the market demand, speed up the collection of receivables and enhance the efficiency of capital used. The Group has made the following plans for the projects in 2014 based on the development plan of its projects and with reference to the development of the real estate markets: Shanghai Suhewan will introduce a wide range of products. Besides the continued sales of residential and commercial property products already introduced, multi-storey riverside residential buildings, townhouses, luxury high-rise residential properties with rare landscape resources will be introduced at 1 Jiefang, approximately 36,700 sq.m. of saleable or leasable area is planned for new launch. It is predicted that the project's contribution to the Group's profit will increase rapidly. Chengdu OCT will speed up the development of commercial properties and continue to introduce high-end office property products while the residential project will continue to sell high-rise, multi-storey and low-density residential properties, approximately 120,000 sq.m. of saleable or leasable area is planned for new launch. By leveraging the Group's quality brand, resource advantages and successful experiences accumulated in the past, we believe each project will continue to achieve satisfactory results as in past years.

Chairman's Statement

Looking forward, the Group will persist with established strategies, maintain a steady pace in investment, strictly control investment risk and acquire quality project resources at reasonable prices in areas with development potential of first and second tier cities, increase its land reserves and realize combination and rational allocation between large-scale integrated development projects and fast turnround projects. At the same time, we will use our current projects as our base and leverage the experience and advantages of OCT in cultural, technological and entertainment fields to constantly enrich our products and create new products, raise market influence and regional cohesiveness.

Paper packaging business

The Group will continue to expand markets, adjust sales strategies and incentive proposals and optimise customer structure by maintaining existing customers and searching for new customers. In order to accommodate customers undergoing industrial shift, the Group will construct a new factory in Changshu, Jiangsu Province, which is expected to commence production in 2015 aiming to stabilize its market share in the Yangtze River Delta region. The PRC government has promulgated numerous policies which encourage substituting paper for wood, substituting paper for plastic and policies to aid the development of the logistics industry. This will broaden the application of paper packaging products and is beneficial to the adjustment and development of the Group's new customers. By continuing to enhance management, lowering costs and improving efficiency, constantly optimizing the Company's customer structure, it is expected that the turnover and gross profit margin of the Group's paper packaging business in 2014 will increase steadily.

Chairman's Statement

As a member of our controlling shareholder, OCT Group, the Company has full confidence in the development prospect in the future, and believes that the Company will receive support and continued concern from our parent company. The Company aims to become a prominent developer and operator of commercial complex, and continue to bring satisfactory return to its shareholders.

Appreciation

I, on behalf of the Board, hereby express our most sincere gratitude to the management team and all the staff for their efforts and contributions made in the development of the Group. I also take this opportunity to thank all shareholders and business partners for their confidence and support to the Group.

Wang Xiaowen
Chairman
Hong Kong, 5 March 2014

Management Discussion and Analysis

Operating Results

As at 31 December 2013, the Group's total assets amounted to approximately RMB21,102 million, representing an increase of approximately 4.8% over that as at 31 December 2012; total equity amounted to approximately RMB6,110 million, representing an increase of approximately 26.5% over that as at 31 December 2012, primarily due to the increase in the profit for the period and new share issued during the period.

For the year ended 31 December 2013, the Group realized turnover of approximately RMB4,059 million, representing an increase of approximately 17.5% over the same period in 2012, of which, sales of the comprehensive development business was approximately RMB3,279 million, representing an increase of approximately 25.0% over the same period in 2012, primarily due to the increase in sales of Shanghai Suhewan project; and turnover of the paper packaging business was approximately RMB780 million, representing a decrease of approximately 5.9% over the same period in 2012, primarily due to the decrease of customer orders resulted from intensified market competition. Profit attributable to owners of the Company were approximately RMB236 million, representing an increase of approximately 33.1% over the same period in 2012, of which, profit attributable to owners of the Company of the comprehensive development business was approximately RMB221 million, representing an increase of approximately 43.2% over the same period in 2012, mainly as a result of increased profit from the Shanghai Suhewan project; and profit attributable to owners of the Company of the paper packaging business was approximately RMB15.39 million, representing a decrease of approximately 33.9% over the same period in 2012, mainly as a result of intensified market competition, reduced customer orders and constant increase in operating expenses. The basic earnings per share for 2013 were RMB0.41, as compared to RMB0.35 for 2012.

During the period under review, gross profit margin of the Group was approximately 36.5% (2012: approximately 34.3%), representing an increase of 2.2% over the same period in 2012, of which, the gross profit margin of the comprehensive development business was approximately 42.4%, representing an increase of 1.1% over the same period in 2012, mainly due to revenue recognized during the period were mainly from high gross profit products; and the gross profit margin of the paper packaging business was approximately 11.3%, representing a decrease of 1.0% over the same period in 2012, mainly due to constant increase in operating costs. Net profit margin attributable to owners of the Company was approximately 5.8% (2012: approximately 5.1%), representing an increase of 0.7% as compared with that of 2012. Of which, the net profit margin attributable to owners of the comprehensive development business was approximately 6.7%, representing an increase of 0.8% over the same period in 2012; and the net profit margin attributable to owners of the paper packaging business was approximately 2.0%, representing a decrease of 0.8% over the same period in 2012.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the year ended 31 December 2013 were approximately RMB206 million (2012: approximately RMB225 million), representing a decrease of approximately 8.2% over the same period in 2012. Of which, the distribution costs of the comprehensive development business were approximately RMB162 million, representing a decrease of approximately 9.8% over the same period in 2012, mainly due to reduced promotion expenses in Chengdu OCT compared to last year; and the distribution costs of the paper packaging business were approximately RMB44.82 million, which was substantially the same as compared with last year.

Management Discussion and Analysis

The Group's administrative expenses for the year ended 31 December 2013 were approximately RMB201 million (2012: approximately RMB154 million), representing an increase of approximately 29.9% over the same period in 2012. Of which, the administrative expenses of the comprehensive development business were approximately RMB170 million, representing an increase of approximately 32.3% over the same period in 2012, mainly due to increased expenses of new projects; and the administrative expenses of the paper packaging business were approximately RMB30.71 million, representing an increase of approximately 18.1% over the same period in 2012, mainly due to increased daily operating expenses and labour costs.

Interest Expenses

The interest expenses of the Group were approximately RMB159 million for the year ended 31 December 2013 (2012: approximately RMB103 million), representing an increase of approximately 55.0% over the same period in 2012. Of which, the interest expenses of the comprehensive development business were approximately RMB154 million, representing an increase of approximately 55.5% over the same period in 2012, mainly due to less than one year for the interest-bearing loans and borrowings period in 2012 and one year for the interest-bearing period in 2013; and the interest expenses of the paper packaging business were approximately RMB4.92 million, representing an increase of approximately RMB1.43 million over the same period in 2012, mainly due to less than one year for the interest-bearing loans and borrowings period in 2012 and one year for the interest-bearing period in 2013.

Dividends

The Board has resolved to recommend the payment of a final dividend of HK8.0 cents per ordinary share for the year ended 31 December 2013 (2012: HK8.0 cents per ordinary share).

The Board has resolved to approve the payment of a preferential dividend of HK8.932192 cents per convertible preference share for the year ended 31 December 2013 (2012: nil).

Inventories, Debtors' and Creditors' Turnover

For the year ended 31 December 2013, the Group's inventory turnover days for the paper packaging business were 42 days, which was substantially the same as compared to 41 days for the year ended 31 December 2012. The Group's debtors' turnover days for the paper packaging business were 128 days for the year ended 31 December 2013, which was substantially the same as compared to 126 days for the year ended 31 December 2012. The Group's creditors' turnover days for the paper packaging business were 89 days for the year ended 31 December 2013, which was substantially the same as compared to 90 days for the year ended 31 December 2012.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2013 was RMB6,110 million (31 December 2012: RMB4,830 million). As at 31 December 2013, the Group had current assets of RMB17,826 million (31 December 2012: RMB16,994 million) and current liabilities of RMB5,527 million (31 December 2012: RMB7,908 million). The current ratio was 3.2 as at 31 December 2013 as compared to 2.1 as at 31 December 2012. The Group generally finances its operations with internally generated funds and credit facilities provided by banks and shareholder's loan.

Management Discussion and Analysis

As at 31 December 2013, the Group had outstanding bank loans of RMB1,161 million, without any fixed-rate loans (31 December 2012: outstanding bank loans of RMB1,118 million, without any fixed-rate loans). As at 31 December 2013, the bank loan interest rates of the Group ranged from 1.42% to 4.02% per annum (while for the year ended 31 December 2012, the bank loan interest rates of the Group ranged from 1.52% to 4.22% per annum). Some of those bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 48.1% as at 31 December 2013, which decreased by approximately 5.2% as compared with 53.3% as at 31 December 2012, mainly due to new shares issued during the period and increased total assets.

As at 31 December 2013, approximately 100% of the total amount of outstanding bank loans of the Group was in Hong Kong Dollars (31 December 2012: 100%). As at 31 December 2013, approximately 93% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2012: 91%), approximately 6% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2012: 8%) and approximately 1% of its cash and cash equivalents was in United States Dollars (31 December 2012: 1%).

The Group's liquidity position remains stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars or United States Dollars. The Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 December 2013. During the year ended 31 December 2013, except for certain foreign exchange forward contracts to mitigate its foreign exchange risk, the Group did not employ any material financial instrument for hedging purposes.

Issue of convertible preference shares and ordinary shares

On 6 June 2013, the Company entered into subscription agreements with each of New China Life Insurance Company Ltd. (新華人壽保險股份有限公司) ("NC Life Insurance"), China Re Asset Management Co., Ltd. (中再資產管理股份有限公司) ("CRAMC") and Integrated Asset Management (Asia) Limited ("Integrated Asset"), pursuant to which the Company agreed to allot and issue 40,000,000, 40,000,000 and 16,000,000 new non-voting convertible preference shares of HK$0.10 each in the capital of the Company (the "Convertible Preference Shares") to NC Life Insurance, CRAMC and Integrated Asset, respectively, at the subscription price of HK$4.05 per Convertible Preference Share. On the same date, the Company also entered into a subscription agreement with Overseas Chinese Town (HK) Company Limited ("OCT (HK)") in relation to the subscription of 140,000,000 ordinary shares of HK$0.10 each in the capital of the Company (the "Shares") by OCT (HK) or any of its wholly-owned subsidiaries designated by OCT (HK) at the subscription price of HK$4.05 per Share.

The subscription of Convertible Preference Shares by each of NC Life Insurance, CRAMC and Integrated Asset were completed on 24 July 2013. 40,000,000, 40,000,000 and 16,000,000 Convertible Preference Shares have been allotted and issued to NC Life Insurance, CRAMC and Integrated Asset, respectively. The subscription of 140,000,000 Shares by OCT (HK) was completed on 26 July 2013 and 140,000,000 Shares have been allotted and issued to Pacific Climax Limited ("Pacific Climax") at the subscription price of HK$4.05 per Share. Pacific Climax holds approximately 66.93% of the issued share capital of the Company thereafter.

Management Discussion and Analysis

Employees and Remuneration Policy

As at 31 December 2013, the Group employed approximately 2,584 full-time staff. The basic remunerations of the employees are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staff. Salaries of the employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each director. Apart from the basic remuneration and statutory benefits required by laws, the Group also provides discretionary bonuses based upon the Group's results and the individual performance of the staff.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme and simultaneously terminated the share option scheme which was adopted by the Company on 12 October 2005. During the year ended 31 December 2013, no share options were exercised, and 400,000 share options were lapsed.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2013.

Subsequent Events

Updated Development on Tianjin Tianxiao Project

On 13 February 2014, the Group received a notice of arbitration (the "Arbitration Notice") issued by China International Economic and Trade Arbitration Commission concerning the said issue. According to the Arbitration Notice, the Vendor submitted an arbitration application (the "Arbitration Application") in respect of the dispute in relation to the Tianjin Tianxiao project. The Vendor requests for a ruling that, among others, the Group shall not be entitled to off-set (the "Off-set") the remaining instalment payable by the Group to the Vendor pursuant to the Agreements (the "Remaining Instalment") with the compensation and remedies as stipulated in the Agreements (the "Compensation and Remedies") and the Group shall bear the arbitration fees for the Arbitration Application. The Group is of the view that the Vendor's failure to deliver the Land and to complete the adjustment of the terms of use of the Land according to the Agreements already constitutes contractual breach by the Vendor, the Vendor shall be responsible for the relevant liabilities for the said breach and the Group is entitled to the Off-set. The Group will file an answer to the claim and a counterclaim against the Vendor as soon as possible. The Group considers that it has reasonable defence to the claim and will put forward a substantiated counterclaim. The Group will claim for additional compensation from the Vendor because the amount of Compensation and Remedies is more than the Remaining Instalment that can be off-set. Based on the understanding of the dispute and the proposed counterclaim against the Vendor, the Board believes the Arbitration Application is unlikely to have material impact on the financial position of the Group.

Directors and Senior Management

Directors

Executive Directors

Ms. Wang Xiaowen, aged 44, is the Chairman of the Company, joined the Group in 2011. Ms. Wang is a director of Overseas Chinese Town (HK) Company Limited ("OCT (HK)"), (OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax Limited ("Pacific Climax"), the controlling shareholder of the Company) and Shenzhen OCT Investment Company Limited (which is a wholly-owned subsidiary of Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd.") (OCT Ltd. is the beneficial owner of all the issued share capital in OCT (HK)). Ms. Wang is also a director of Konka Group Co., Ltd. ("Konka Group"), a director of Union Holdings, the supervisor and the vice chairman of the Supervisory Board of China International Travel Service Corporation Limited ("CITS") and the vice president of OCT Ltd. Both Konka Group and OCT Ltd. are listed on the Shenzhen Stock Exchange, while CITS is listed on the Shanghai Stock Exchange. Ms. Wang joined Overseas Chinese Town Enterprises Company (華僑城集團公司) ("OCT Group") (the controlling shareholder of OCT Ltd.) in 1991 and had been the head of Administration Department of the President Office, the head of the Finance Department and the President Assistant of OCT Group. She had also been the supervisor of OCT Ltd. and Konka Group and the director of Overseas Chinese Town Real Estate Company Limited ("OCT Properties") (a wholly-owned subsidiary of OCT Ltd.) and Chengdu OCT, and the director and Chairman of Shenzhen OCT Hotel Group Company Limited (深圳市華僑城酒店集團有限公司) (a wholly-owned subsidiary of OCT Ltd.). Save as aforesaid, Ms. Wang has also held and had also held other senior positions with OCT Ltd. and OCT Group (and their respective associated companies). Ms. Wang has obtained a bachelor degree in Economics from Nan Kai University (南開大學) in 1990. Ms. Wang is also chairman of the nomination committee of the Company (the "Nomination Committee").

Ms. Xie Mei, aged 46, is the Chief Executive Officer of the Company. Ms. Xie is the chairman of Tianjin Tianxiao Investment Development Company Limited ("Tianjin Tianxiao") and a director of all the subsidiaries of the Company. Ms. Xie is also the general manager of OCT (HK) and a director of Pacific Climax, a direct controlling shareholder of the Company. She is also a director of Xi'an OCT and Yunnan OCT Industrial Co., Ltd. (雲南華僑城實業有限公司) ("Yunnan OCT"), both being subsidiaries of OCT Group. Ms. Xie has rich management experience. Ms. Xie joined OCT Group in 1994 and she had been a deputy director and director of the strategic development department of OCT Group. Ms. Xie graduated from the Department of Electrical Engineering of Xi'an Jiaotong University and obtained a bachelor's degree in Engineering in 1989. She also obtained a master degree in Economics from the Renmin University of China in 1999. Ms. Xie was appointed as a non-executive Director in December 2004 and was re-designated as an executive Director in August 2007.

Mr. Yang Jie, aged 52, a senior engineer, is the vice president of the Company, joined the Group in 2012. Mr. Yang is the director of Tianjin Tianxiao and the chairman of Beijing Guangying Residential Property Development Limited ("Beijing Guangying"). He is also the deputy general manager of OCT (HK) and the director and general manager of Beijing Century Overseas Chinese Town Industrial Co. Ltd. ("Beijing OCT", 北京世紀華僑城實業有限公司) (a non-wholly owned subsidiary of OCT Ltd.). Mr. Yang joined OCT Group in 1992 and held various positions including the deputy director of the Planning and Construction Department of OCT Group, the deputy general manager of OCT Properties and the director and general manager of Shanghai Highpower OCT Investment Inc. ("Shanghai Highpower OCT") (a non-wholly owned subsidiary of OCT Ltd.). Prior to that, Mr. Yang worked as an engineer for a national design institute in the PRC. Mr. Yang graduated from the Xi'an University of Architecture and Technology in 1982 majoring in industrial and civil architecture, and has extensive experience in the planning, development, operation and management of real estate.

Directors and Senior Management

Non-executive Director

Mr. Zhou Ping, aged 51, joined the Group in 2013. He is the head of Strategic Development Department of OCT Ltd. He is also a director of Beijing OCT, and a supervisor of Tianjin Overseas Chinese Town Industrial Co. Ltd (天津華僑城實業有限公司) and Tianjin Dong Li Hu Overseas Chinese Town Travel Investment Co. Ltd (天津東麗湖華僑城旅遊投資有限公司). Mr. Zhou joined the OCT Group in 1994 and he had been the general manager of Planning Department and the head of Strategic Development Department of OCT Group. Mr. Zhou had also been appointed as the vice chairman of Shenzhen Bay Hotel (深圳灣大酒店) and the chairman of Taizhou Overseas Chinese Town Co., Ltd (泰州華僑城有限公司). Mr. Zhou had also been the director and general manager of Shenzhen Window of the World Company Limited (深圳世界之窗有限公司), the general manager of Wuhan OCT Industrial Development Ltd (武漢華僑城實業發展有限公司), the deputy general manager of Travel Department of OCT Ltd. and the general manager of Shenzhen Eastern Overseas Chinese Town Co Ltd (深圳東部華僑城有限公司). Mr. Zhou obtained a Master of Engineering Management Degree from Huazhong University of Science and Technology in 1993. Mr. Zhou is a member of the Company's Audit Committee ("Audit Committee") and Remuneration Committee ("Remuneration Committee").

Independent non-executive Directors

Mr. Lu Gong, aged 55, joined the Group in April 2013. Mr. Lu has been appointed as the Senior Advisor of Galaxy Entertainment Management Services Limited (銀河娛樂企業管理有限公司) since 1 October 2011. Mr. Lu is also the Managing Director of Granton Asia Limited, whose principal businesses are investment and holding equities of overseas hotels and apartments. Since 21 March 2012, Mr. Lu has been appointed as an Independent Non-executive Director of China Development Bank International Investment Limited (國開國際投資有限公司) (formerly known as New Capital International Investment Limited), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 01062). Mr. Lu had been the Counsel to MTR Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00066) as well as Airport Authority of Hong Kong. He had been an executive director and the vice-chairman of New City Development Group Limited (formerly known as New Rank City Development Limited) (stock code: 00456), whose shares are listed on the Main Board of the Stock Exchange. He had also worked for Unisys China Limited and Shell China Hong Kong Co., Limited and held senior management positions at Sino Group, Hong Kong Telecom and Granton Asia Limited. Mr. Lu has extensive experience in general management.

Ms. Wong Wai Ling, aged 52, joined the Group in 2007. She obtained a bachelor degree of Arts from the University of Hong Kong and a postgraduate diploma in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom. Ms. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. She has 20 years of rich experience in accounting, taxation, auditing and business. She had worked for more than seven years in major international accounting firms and major local accounting firms before she set up her own accounting firm in Hong Kong in 1994. Since then, she has been practising as a Certified Public Accountant. Ms. Wong is also an independent non-executive director and the chairperson of the audit committees of three Hong Kong listed companies- China Ruifeng Galaxy Renewable Energy Holdings Limited (stock code: 00527), AVIC International Holdings Limited (stock code: 00161) and Yongsheng Advanced Materials Company Limited (stock code: 03608). Besides, Ms. Wong is an executive director of JC Group Holdings Limited (stock code: 08326) which was listed in Growth Enterprise Market of the Stock Exchange. Ms. Wong is the chairman of the Audit Committee and Remuneration Committee and is a member of Nomination Committee.

Directors and Senior Management

Professor Lam Sing Kwong Simon, aged 55, joined the Group in 2009. Professor Lam is currently a Professor of Management at the Faculty of Business and Economics of the University of Hong Kong. Professor Lam obtained a doctorate degree in commerce from the Faculty of Economics and Commerce at The Australian National University. Professor Lam is renowned for his research in corporate strategy, organisation development and operations management and has published a number of academic papers and case analysis on those topics. Before joining the University of Hong Kong, Professor Lam served as a management consultant and regional manager of a bank. He has an extensive experience in corporate management, strategic development of organizations and corporate finance. Professor Lam is also an independent non-executive director of Jin Cai Holdings Company Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 01250). Professor Lam is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Senior Management

Mr. Ning Jun, aged 46, is the vice president of the Company and is a director of various subsidiaries of the Company. He is also the deputy general manager of OCT (HK) and a director of InterContinental Shenzhen. Mr. Ning joined the Group in June 2007. Mr. Ning was the chief representative of Beijing Office of OCT Group and the deputy executive chairman of the president office of OCT Group. Mr. Ning graduated from University of Wales in 2006 with a master degree in business management.

Mr. Huang Zhiqiang, aged 47, is the vice president of the Company and is a director of various subsidiaries of the Company. He is also the deputy general manager of OCT (HK) and the deputy general manager of Shenzhen Huali, a subsidiary of the Company. Mr. Huang joined the Group in 2005, and has been the director of the finance department of the Company, the general manager and the deputy general manager of the subsidiaries of the Company. Zhongshan Huali (中山華力) and Chengdu OCT respectively. Mr. Huang has many years of experience in corporate management and financial management. Mr. Huang obtained his bachelor's degree from the Faculty of Information Engineering of Xidian University in 1988.

Mr. Zhang Xiaojun, aged 43, is the vice president of the Company. Mr. Zhang is a director of various subsidiaries of the Company. Mr. Zhang joined the Group in 1993. Mr. Zhang supervised the daily operation of Shenzhen Huali from 2003 to 2007. Mr. Zhang graduated from Zhuzhou Institute of Technology of Hunan (now known as Hunan University of Technology) majoring in Printing Technology, where he obtained his bachelor's degree in Engineering.

Mr. Fong Fuk Wai, aged 50, is the Chief Financial Officer, Company Secretary and qualified accountant of the Company. He and also serves as a director of Huali Holdings Company Limited, a wholly-owned subsidiary of the Company. He joined the Group in January 2005. Mr. Fong graduated from the Hong Kong Polytechnic University and obtained his bachelor's degree in Accountancy in 1994, and obtained a master degree in business administration at the Chinese University of Hong Kong in 1999. Prior to joining the Group, Mr. Fong worked with an international CPA firm and members of companies listed in Hong Kong. He had held the positions of senior accountant, manager and financial controller. He has many years of experience in auditing, accounting and finance. Mr. Fong is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and is also an associate member of the Institute of Chartered Accountants in England and Wales.

Mr. Li Yang, aged 31, is the vice president of the Company and joined the Group in January 2014. Mr. Li joined OCT Group in 2005 and has served as senior manager of OCT Ltd., in charge of investor relationship management. Mr. Li graduated from Chongqing University in 2005, majoring in Law and English, and has obtained a double bachelor's degree in Legal Studies and Literature.

Directors and Senior Management

Mr. Zhang Dafan, aged 47, is the director and general manager of Chengdu OCT. Mr. Zhang joined Chengdu OCT at its establishment in October 2005. Mr. Zhang successively served as the deputy general manager of import and export department of OCT Group, a director of Shenzhen Bay Hotel (深圳灣大酒店) (now known as InterContinental Shenzhen) and a deputy general manager of OCT (HK). Mr. Zhang graduated from the management engineering department of Nanjing University of Aeronautics and Astronautics (南京航空學院管理工程系) and obtained a masters degree of business administration from Renmin University of China (中國人民大學).

Mr. Yuan Jingping, aged 49, is the director and general manager of OCT Shanghai Land and the director of Shanghai Highpower OCT. Mr. Yuan has an extensive experience in real estate and construction industries. Since joining the OCT Group in 1999, Mr. Yuan has been the general manager of Shenzhen CMOCT Investment Limited (深圳招商華僑城投資有限公司) and Shanghai Highpower OCT. Before joining OCT Group, Mr. Yuan served as a chief architect in an architectural design institute. In 1989, Mr. Yuan obtained his master's degree of architecture from Southeast University.

Corporate Governance Report

The Company believes that a high standard of corporate governance and a highly efficient management team are very important in enhancing the investors' confidence and the return to the shareholders of the Company, as well as increasing long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasising good communication with shareholders of the Company and investors, and nurturing the corporate culture of strict code of conduct, with a view to continuously improving the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information of the Company to safeguard the shareholders' interest and to raise long-term share value.

During the year ended 31 December 2013, the Company had complied with all the code provisions as set out in the Code on Corporate Governance (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"). Details of the Company's corporate governance are summarized as below.

Board of Directors

Board Responsibilities and Delegation

The Board manages the Company's affairs and is responsible for the leadership and governance of the Company. The Board is also responsible for the Company's business, financial performance and preparation of financial statements. The Board formulates the strategy, policy and business plan of the Group, controls corporate risks, monitors the operation and financial performance of the Company. The Board endeavors to make decisions in line with the interest of the shareholders of the Company and the Company as a whole, and delegates powers and responsibilities to the management led by the Chief Executive Officer of the Company to carry out the daily management and operation of the Group. All board members have separate and independent access to the senior management, and are provided with full and timely information about the business and development of the Company, including monthly report. In order to assist the Directors to carry out their duties, the Board has set out terms of reference, enabling the Directors to seek independent professional advice upon reasonable request under appropriate circumstances and the fees are payable by the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

Corporate Governance Report

Composition of the Board

The Board comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. The number of independent non-executive Directors is more than one-third of the number of the members of the Board. Independent non-executive Directors are experienced professionals. They have profound expertise and experience in the legal, accounting, financial or economic management aspects. The Board considers that all independent non-executive Directors are independent in their judgment. They ensure the Board has attained the strict standards in the financial and other statutory reporting areas and they provide sufficient check and balance to safeguard the interests of the shareholders and the Company as a whole.

As at the date of this report, the Directors are as follows:

Executive Directors

Ms. Wang Xiaowen *(Chairman of the Board)*
Ms. Xie Mei *(Chief Executive Officer)*
Mr. Yang Jie

Ms. Wang Xiaowen and Ms. Xie Mei have been re-elected as executive Directors at the annual general meeting of the Company held on 6 April 2011, and have entered into the service contract with the Company for a term of three years effective from 6 April 2011.

Mr. Yang Jie has been re-elected as an executive Director at the annual general meeting of the Company held on 19 April 2013, and has entered into a service contract with the Company which will be effective from 19 April 2013 until the conclusion of the 2015 annual general meeting of the Company held in 2016.

Non-executive Directors

Mr. He Haibin *(resigned on 19 April 2013)*
Mr. Zhang Haidong *(appointed on 19 April 2013, resigned on 11 December 2013)*
Mr. Zhou Ping *(appointed on 11 December 2013)*

Mr. He Haibin was re-elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2010, and resigned as the Company's non-executive Director on 19 April 2013.

Mr. Zhang Haidong was appointed as a non-executive Director at the annual general meeting held on 19 April 2013, and resigned as the Company's non-executive Director on 11 December 2013.

Mr. Zhou Ping was appointed as a non-executive Director on 11 December 2013 and has entered into a director's service contract with the Company for a term starting from 11 December 2013 until the conclusion of the 2013 annual general meeting of the Company to be held in 2014.

Corporate Governance Report

Independent non-executive Directors

Mr. Lu Gong *(appointed on 19 April 2013)*
Ms. Wong Wai Ling
Mr. Xu Jian *(resigned on 19 April 2013)*
Professor Lam Sing Kwong Simon

Mr. Lu Gong was appointed as an independent non-executive Director at the annual general meeting of the Company held on 19 April 2013 and has entered into a service contract with the Company effective from 19 April 2013 until the conclusion of the 2015 annual general meeting of the Company held on 19 April 2013.

Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon were re-elected as independent non-executive Directors at the annual general meeting of the Company held on 19 April 2013 and have entered into service contracts with the Company effective from 19 April 2013 until the conclusion of the 2014 annual general meeting of the Company held in 2015.

Mr. Xu Jian was re-elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2010 and has resigned as the Company's independent non-executive Director on 19 April 2013.

The biographies of each Director is set out between page 22 and 25 of this report.

The Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules. During the year ended 31 December 2013, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents at least one-third of the Board. The Company has also complied with Rule 3.10(2) of the Listing Rules, which stipulates that one of the independent non-executive Directors must possess appropriate professional qualifications or accounting or related financial management expertise. The Board considers that the independent non-executive Directors are all independent persons with appropriate qualifications or expertise and the Company has complied with the relevant requirements of the Listing Rules.

The Company has established a Nomination Committee. The Nomination Committee will evaluate the independence of all independent non-executive Directors each year and make sure that they comply with the independence requirement under Rule 3.13 of the Listing Rules. All members of the Board are not related to one another in all aspects, including finance, family and business.

Chairman and Chief Executive Officer

The Company has a separate Chairman and Chief Executive Officer. The two positions are assumed by different persons in order to ensure that their independence, accountability and power are clear. Ms. Wang Xiaowen, the Chairman, is responsible for the operation of the Board and the formulation of the Company's strategies and policies. Ms. Xie Mei, the Chief Executive Officer, with the assistance of other members of the Board and senior managements, is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation.

Corporate Governance Report

Appointment and Re-Election of Directors

The Nomination Committee identifies appropriate individuals qualified to become Board members and to provide advice to the Board in respect of nominating such persons to the Board. The Nomination Committee also make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors in particular the Chairman and Chief Executive Officer. The Board is responsible for formulating the procedures for appointing Directors, and nominating suitable candidates for approval at the annual general meetings so as to fill vacancies due to resignation of Directors or to appoint additional Directors.

When selecting candidates for appointment as Directors, the Board will consider the candidates' integrity, achievements and experience in the relevant industry, expertise, educational background and whether they have sufficient time to assume the post of Directors.

Pursuant to the articles of association of the Company, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Number of Board Meetings Held and Procedures

The Board convened seven meetings in the year ended 31 December 2013.

The Board has established meeting procedures and has complied with the code provisions of the Code. The procedures of board meetings provide that the Board shall meet at least four times each year and can convene additional meeting when necessary. The agenda and other reference documents shall be distributed prior to the Board meeting to allow sufficient time for the Directors to review. Directors can express different opinions at board meetings. Important decisions will be made only after detailed discussions by the Board. Directors who have conflict of interest or material interests in the relevant transactions will not be counted in the quorum of the meeting and shall abstain from voting on the relevant resolutions. Minutes of Board meetings and other committee meetings will be drafted by the Company Secretary and will be sent to all members for their comment or record respectively. Directors are entitled to inspect the minutes at any time.

Corporate Governance Report

The Attendance of Directors and Committee Members

The Directors' attendances of the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee and general meetings of the Company for the year ended 31 December 2013 are as follows:

	Number of meetings attended/Number of meetings				
Name of Directors	**The Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Wang Xiaowen	7/7	N/A	N/A	2/2	2/2
Xie Mei	7/7	N/A	N/A	N/A	2/2
Yang Jie	7/7	N/A	N/A	N/A	0/2 *(Note 6)*
He Haibin	1/1 *(Note 1)*	N/A	N/A	N/A	N/A *(Note 1)*
Zhang Haidong	4/4 *(Note 2)*	1/1 *(Note 2)*	0/1	N/A	0/1 *(Note 6)*
Zhou Ping	1/1 *(Note 3)*	N/A *(Note 3)*	N/A *(Note 3)*	N/A	N/A *(Note 3)*
Lu Gong	6/6 *(Note 4)*	N/A	N/A	N/A	1/1 *(Note 4)*
Wong Wai Ling	7/7	2/2	2/2	2/2	2/2
Xu Jian	1/1 *(Note 5)*	1/1 *(Note 5)*	1/1 *(Note 5)*	N/A	N/A *(Note 5)*
Lam Sing Kwong Simon	7/7	2/2	2/2	2/2	2/2

Note 1: Mr. He Haibin retired from office as a non-executive Director on 19 April 2013. Mr. He attended one out of one Board meeting held during his tenure in the year ended 31 December 2013 and there was no general meeting held during the said period.

Note 2: Mr. Zhang Haidong was appointed as a non-executive Director and a member of the Audit Committee and Remuneration Committee on 19 April 2013 and resigned from office as a non-executive Director and member of the Audit Committee and Remuneration Committee on 11 December 2013. Mr. Zhang attended four out of four Board meetings and one out of one Audit Committee meeting held during his tenure in the year ended 31 December 2013.

Note 3: Mr. Zhou Ping was appointed as a non-executive Director, a member of Audit Committee and Remuneration Committee on 11 December 2013. Mr. Zhou attended one out of one Board meeting held during his tenure in the year ended 31 December 2013 and there were no Audit Committee meeting, Remuneration Committee meeting and general meeting held during the said period.

Note 4: Mr. Lu Gong was appointed as an independent non-executive Director on 19 April 2013. Mr. Lu attended six out of six Board meetings and one out of one general meeting held during his tenure in the year ended 31 December 2013.

Note 5: Mr. Xu Jian retired from office as an independent non-executive Director and resigned as a member of Audit Committee and Remuneration Committee on 19 April 2013. Mr. Xu attended one out of one Board meeting, one out of one Audit Committee meeting, one out of one Remuneration Committee meeting during his tenure in the year ended 31 December 2013 and there was no general meeting held during said period.

Note 6: Certain Directors were not able to attend the general meetings held in 2013 due to their unavoidable business engagements.

Directors' Continuous Professional Development Programme

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year ended 31 December 2013, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

Corporate Governance Report

During the year ended 31 December 2013, the Company has also organised briefing sessions conducted by the external auditor of the Company for the Directors. The briefing sessions covered topics including the new and revised Hong Kong Financial Reporting Standards.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2013 are as follows:

Name of Directors	Reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements	Attending Briefing Sessions
Executive Directors		
Wang Xiaowen	✓	✓
Xie Mei	✓	✓
Yang Jie	✓	✓
Non-executive Directors		
He Haibin	✓	✓
Zhang Haidong	✓	
Zhou Ping	✓	
Independent non-executive Directors		
Lu Gong	✓	
Wong Wai Ling	✓	✓
Xu Jian	✓	✓
Lam Sing Kwong Simon	✓	✓

Special Committees under The Board of Directors

The Board has the following committees:

Audit Committee

The Audit Committee consists of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Zhou Ping, who was appointed as the member of the Audit Committee on 11 December 2013, with Ms. Wong Wai Ling being the chairman of the Audit Committee. During the year, Mr. Zhang Haidong had been a member of the Audit Committee who was appointed to replace Mr. Xu Jian on 19 April 2013, and resigned on 11 December 2013.

Corporate Governance Report

The main areas of responsibilities of the Audit Committee are as follows:

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment or removal of the external auditors, and the approval of remuneration and terms of engagement of the external auditors;

(b) reviewing of internal control and monitoring the work of internal audit department;

(c) reviewing the financial statements of the Company, the Company's annual reports and accounts, interim reports and quarterly reports (if any);

(d) examining financial statements and reporting to the Board for any significant opinions in relation to financial reporting;

(e) conferring with the auditors on any problems and matters of doubt arising from the audit process, as well as other issues the auditors may like to discuss (if necessary, such discussions could be undertaken in the absence of the management);

(f) reviewing correspondences addressed to the management by the external auditors and responses from the management.

The Audit Committee held two meetings during the year ended 31 December 2013, and performed the major works as below:

1. reviewed the annual financial results and report for the year ended 31 December 2012 and interim financial results and report for the six months ended 30 June 2013; and

2. reviewed the internal audit department's report regarding the reviewing and procedures of the internal control and risk management of the Company; and

3. provided opinions to the Board in respect of the appointment of auditors.

The Audit Committee has reviewed this annual report, and confirms that it is complete and accurate and complies with the Listing Rules.

Remuneration Committee

The Remuneration Committee consists of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Zhou Ping, who has been appointed as the member of the Remuneration Committee on 11 December 2013, with Ms. Wong Wai Ling being the chairman of the Remuneration Committee. During the year, Mr. Zhang Haidong had been a member of the Remuneration Committee who was appointed to replace Mr. Xu Jian on 19 April 2013, and resigned on 11 December 2013.

Corporate Governance Report

The main role and function of the Remuneration Committee are as follows:

(a) consulting the chairman of the Board on remuneration recommendations concerning other executive Directors;

(b) putting forward recommendations to the Board on matters relating to the overall remuneration policy and structure for the Directors and senior managerial staff of the Company, as well as finalizing a formal and transparent remuneration policy;

(c) with authority delegated by the Board, finalizing the compensation packages for all the executive Directors and senior managerial staff and putting forward recommendations to the Board on remuneration for non-executive Directors;

(d) reviewing and approving compensations paid to executive Directors and senior managerial staff, who lose their positions or whose appointments are terminated, in order to ensure that the compensations are paid in accordance with relevant contractual terms.

The Remuneration Committee held two meetings during the year ended 31 December 2013, and performed the major work as below:

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the executive Directors and senior management;

2. authorized by the Board to give recommendation on the remuneration of non-executive Directors.

Nomination Committee

The Nomination Committee consists of three members, including one executive Director namely Ms. Wang Xiaowen and two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, with Ms. Wang Xiaowen being the chairman of the Nomination Committee.

In August 2013, the Board has adopted its board diversity policy (the "Board Diversity Policy"). All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The main role and function of the Nomination Committee are as follows:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to review the Board Diversity Policy of board members and the implementation progress of targets set by such policy;

(c) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

Corporate Governance Report

(d) assessing the independence of independent non-executive Directors;

(e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee held two meeting during the year ended 31 December 2013 and performed the major work as below:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business;

2. reviewed the Board Diversity Policy of board members and the implementation progress of targets set by such policy;

3. assessed the independency of all independent non-executive directors of the Company; and

4. reviewed and discussed the nomination of Mr. Zhang Haidong as a non-executive Director, Mr. Lu Gong as an independent non-executive Director, Mr. Zhou Ping as a non-executive Director, and made recommendations to the Board in this regard.

Internal Control

The Company has an internal audit department which is independent of other departments. The internal audit department has the authority to inspect the information of the Group's risk management network, the control and governance processes in order to monitor the effectiveness of the internal control of the Company. The internal audit department conducts an overall review on every subsidiary once a year, and reports and makes recommendation to the management of the Company in respect of the review. Besides, the internal audit department also regularly reviews all the businesses, the supporting teams and matters relating to work approach, procedures, expenses and internal control measures of the Company's subsidiaries. The department will also conduct ad hoc reviews and investigations when necessary. The internal audit department reports directly to the Audit Committee.

During the year under review, the Board examined the effectiveness of the internal control system of the Company through the Audit Committee.

Financial Reporting

The Directors are responsible for overseeing the preparation of the financial statements, to ensure the annual report giving a true and fair view of the financial position, results and cash flow of the Group for the year. In preparing the financial statements for the year ended 31 December 2013, the Directors have:

- selected appropriate accounting policies and applied them consistently; and

- made judgments and estimates that are reasonable.

Corporate Governance Report

The Company recognizes that high quality corporate reporting is very important in reinforcing the trustworthy relationship with the Company's stakeholders and aims at presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects in all corporate communications. In order to have timely and effective communications between the Company and its shareholders, the annual results of the Company are announced in a timely manner within the limit of four months after the end of a financial year.

The auditors' responsibilities are set out in the Auditor's Report on page 59.

Through the Audit Committee, the Board has reviewed the internal control system in respect of finance, operations and compliance of the Company and its subsidiaries. The Audit Committee considers that the Company and its subsidiaries have established all necessary mechanisms. The above control mechanism has ensured compliance in respect of the Company's operations. The Board considers that the Company has complied with the code provisions of the Code on internal control.

Remuneration of Directors and Senior Management

The Group paid total Directors' remuneration amounts of approximately RMB723,000, RMB23,000, RMB100,000, RMB113,000, RMB33,000 and RMB113,000 to Ms. Xie Mei, Mr. He Haibin, Mr. Lu Gong, Ms. Wong Wai Ling, Mr. Xu Jian and Professor Lam Sing Kwong Simon respectively for the year ended 31 December 2013. Ms. Wang Xiaowen, Mr. Yang Jie, Mr. Zhang Haidong and Mr. Zhou Ping did not receive any basic remuneration from the Group as at 31 December 2013. Details in relation to the Director's remuneration payment of the Group in the year ended 31 December 2013 set out in page 94 of this report.

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director.

Senior management's remuneration payment of the Group in the year ended 31 December 2013 falls within the following bands:

	Number of individuals
RMB500,000 or below	2
RMB500,001 to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	2
RMB1,500,001 to RMB2,000,000	1

Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules (the "Model Code"). The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

Corporate Governance Report

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

Financial Officer

The Financial Officer of the Company is responsible for preparing interim and annual financial statements based on accounting principles generally accepted in Hong Kong and ensures that the financial statements truly reflect the Group's results and financial position as well as in compliance with the disclosure requirements under the applicable provisions of the Companies Ordinance, the Listing Rules and other relevant laws and regulations. The Financial Officer reports directly to the chairman of the Audit Committee and coordinates with external auditors on a regular basis. In addition, the Financial Officer will review the control of financial risks of the Group and provide advice thereon to the Board.

Company Secretary

The Company Secretary of the Company reports directly to the Board. All the Directors have easy access to the Company Secretary and the responsibility of the Company Secretary is to ensure the board meetings procedures are properly followed and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advice to the Board with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of notifiable transactions, connected transactions and price-sensitive information. The Company Secretary shall provide advice to the Board with respect to strict compliance with the laws, requirements and the Company's articles of association as appropriate. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance so as to bring the best long term value to shareholders. In addition, the Company Secretary also provides relevant information updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company as appropriate. The Company Secretary is also responsible for supervising and managing the investors' relations of the Group.

The Company Secretary has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the year ended 31 December 2013.

External Auditor

KPMG has resigned as auditor of the Company with effect from 10 December 2012 as KPMG and the Company have not been able to reach an agreement in respect of the audit fee for the financial year ended 31 December 2012.

RSM Nelson Wheeler has been appointed as auditor of the Company with effect from 10 December 2012.

For 2013, RSM Nelson Wheeler is the external auditor of the Company. In 2013, the auditing fees paid to the external auditor was RMB1,200,000. No fees were paid for taxation regulation and consulting. The auditor's responsibility to shareholders is set out in page 59 of this annual report.

Corporate Governance Report

Investor Relations

The Company places great emphasis on its relationship and communication with investors. The Company has numerous communication channels, such as press conference and seminars, to communicate with the media, analysts and fund managers. Designated senior management staff holds dialogue with analysts, fund managers and investors, who are also arranged to visit the Company and investment projects from time to time, so as to keep them abreast of the Group's business and latest developments. In addition, investors can also visit the Company's website at www.oct-asia.com for the most updated information and the status of the business development of the Group.

According to the special resolution passed at the extraordinary general meeting held on 19 July 2013, the Board has adopted the revised and restated memorandum and articles of association. Investors can obtain the Company's latest memorandum and articles of association at the Company's website.

Communication with Shareholders of the Company

The Board and senior management recognise the responsibility of safeguarding the interest of shareholders of the Company and provide highly transparent and real-time information on the Company so as to keep the shareholders of the Company and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with shareholders of the Company can facilitate their understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of shareholders of the Company. In order to safeguard the interest of the shareholders of the Company, the Company reports its financial and operating performance to shareholders through annual reports and interim reports. Shareholders of the Company can also obtain information of the Group in time through annual reports, interim reports, announcements, circulars, press releases and the Company's website at www.oct-asia.com.

The annual general meetings are an appropriate forum for direct communications between the Board and shareholders of the Company. Shareholders of the Company can raise questions directly to the Board in respect of the performance and future development of the Group at annual general meetings.

Shareholder's Right

Procedures for putting forward proposals at general meeting by shareholders

In accordance with the requirements under Article 64 of the articles of association of the Company, extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

Pursuant to Article 113 of the articles of association of the Company, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office. The minimum length of the period, during which the notices required under the articles of association of the Company will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Attention: The Company Secretary
Overseas Chinese Town (Asia) Holdings Limited
Suite 3204, Tower 6 The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Email: contact.asia@chinaoct.com

The Company Secretary shall forward the Shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the shareholders of the Company.

Directors' Report

The Board has pleasure in submitting the annual report together with the audited financial statements for the year ended 31 December 2013.

Principal Place of Business

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 February 2005. Its registered office and principal place of business are at Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands and Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsimshatsui, Kowloon, Hong Kong respectively.

Principal Activities

The Company is an investment holding company. The Group is principally engaged in the comprehensive development business and the manufacture and sale of cartons and paper products.

Results and Distributions

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 61.

The Directors consider that dividends declared during the year or to be declared in future by the Group will be decided by the Board in its discretion. The factors that the Board will take into consideration include (but not limited to) distributable profits, the Group's profits, financial position, capital requirements and other factors which the Directors may deem relevant at the time. Undistributed profits will be used to provide funds for the Group's continuous growth and business expansion. Subject to the above, the Directors propose the distribution of a dividend of HK8.0 cents per ordinary share for the year ended 31 December 2013 (2012: HK8.0 cents per ordinary share).

Financial Statements

The profit of the Group for the year ended 31 December 2013 and the state of affairs of the Company and the Group as at that date is set out in the financial statements on pages 61 to 65.

Proposed Final Dividend and Closure of Register

The register of members of the Company will be closed from 17 April 2014 to 23 April 2014 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 16 April 2014.

The Board recommends the payment of a final dividend (the "Final Dividend") of HK8.0 cents per share to ordinary shareholders whose names appear on the register of members of the Company on 7 May 2014. The register of members will be closed from 2 May 2014 to 7 May 2014, both days inclusive, and the proposed Final Dividend is expected to be paid on 26 June 2014. The payment of Final Dividend shall be subject to the approval of the shareholders at the Annual General Meeting to be held on 23 April 2014. In order to be qualified for the proposed Final Dividend, shareholders should deliver share certificates together with transfer documents to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 30 April 2014.

Directors' Report

The Board has approved the payment of a preferential dividend (the "Preferential Dividend"), to holders of the convertible preference shares of the Company on 15 April 2014. Each convertible preference share of the Company shall confer on its holder the right to receive a Preferential Dividend at the rate of 5% per annum on its initial issue price (i.e. HK$4.05). The Preferential Dividend shall accrue from day to day commencing from the date of issue of the convertible preference share to 31 December 2013, and shall be calculated on the basis of a 365 day year. As such, the Preferential Dividend per convertible preference share of the Company for the year ended 31 December 2013 is HK8.932192 cents.

Transfer to Reserves

Profit attributable to owners of the Company before dividends of RMB236 million (2012: RMB177 million) have been transferred to reserves. Other movements in the reserves are set out in consolidated statement of changes in equity and note 28 to the financial statements.

Fixed Assets

During the year, the Group invested approximately RMB304 million for the acquisition of fixed assets (including construction in progress). Details of the movements of fixed assets, and construction in progress are set out in note 13 to the financial statements.

Share Capital

In July 2013, the Company issued 140,000,000 Shares at a placing price of HK$4.05 per Share and issued 96,000,000 Convertible Preference Shares at a placing price of HK$4.05 per Share.

As a result of the above, as of 31 December 2013, the Company's total issued ordinary shares increased to 649,790,000 Shares, increasing by 140,000,000 Shares compared with last year; the Company's total issued Convertible Preference Shares increased by 96,000,000 Shares, increasing by 96,000,000 Shares compared with last year.

Details of the movements in share capital of the Company during the year are set out in note 28 to the financial statements.

Distributable Reserves

Pursuant to the relevant rules of the Cayman Islands, the Company's distributable reserves as at 31 December 2013 amounted to RMB1,814 million.

Pre-Emptive Rights

There was no provision in respect of pre-emptive rights in the articles of association of the Company or any requirement in the laws of the Cayman Islands requiring the Company to issue new shares to the existing Shareholders proportionately.

Directors' Report

Purchase, Sale or Redemption of Shares

The Company has not repurchased its own listed shares during the reporting period. During the period, save as disclosed in this annual report, the Company or any of its subsidiaries has not purchased or sold or redeemed any of the listed shares in the Company.

Material Contracts

Save as disclosed in this report, no contract of significance has been entered into during the reporting period between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries.

Service Contracts

No Director has an unexpired service contract which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

Directors

The Directors during the year were as follows:

Executive Directors

Ms. Wang Xiaowen *(Chairman of the Board)*
Ms. Xie Mei *(Chief Executive Officer)*
Mr. Yang Jie

Non-executive Directors

Mr. He Haibin (resigned on 19 April 2013)
Mr. Zhang Haidong (appointed on 19 April 2013, resigned on 11 December 2013)
Mr. Zhou Ping (appointed on 11 December 2013)

Independent non-executive Directors

Mr. Lu Gong (appointed on 19 April 2013)
Ms. Wong Wai Ling
Mr. Xu Jian (resigned on 19 April 2013)
Professor Lam Sing Kwong Simon

Directors' Interests in Contracts

Save as disclosed in this report, no contract of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

Directors' Report

Personal Biographies of Directors and Senior Management

Personal biographies of Directors and senior management are set out on pages 22 to 25.

Directors' Interest in Competing Business

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the 2013 financial year up to and including the date of this report.

Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares

As at 31 December 2013, interests and short positions in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix X of the Listing Rules are as follows:

Long positions in ordinary shares of the Company

Name of Directors	Number of ordinary shares	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Zhou Ping *(Note 1)*	4,000	Beneficial owner	Personal	0.001%

Long positions in underlying shares of the Company

Name of Directors	Number of ordinary shares	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Zhou Ping *(Note 1)*	160,000	Beneficial owner	Personal	0.025%

Note:

(1) Ms. Li Ning, the spouse of Mr. Zhou, held 4,000 Shares and share options to subscribe for 160,000 Shares of the Company, Mr. Zhou is deemed, or taken to be, interested in the said 4,000 Shares of the Company and share options to subscribe for 160,000 Shares of the Company held by Ms. Li Ning.

Save as disclosed above, as at 31 December 2013, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

Interests and Short Positions of Substantial Shareholders and Other Persons

As at 31 December 2013, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in Shares

Name of substantial shareholders	Capacity/Nature	No. of Shares held	Approximate % of shareholding
Pacific Climax Limited ("Pacific Climax") *(Note 1)*	Beneficial owner	434,894,000	66.93%
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Interest of a controlled corporation *(note 2)*	434,894,000	66.93%
	Beneficial owner	96,000,000	14.77%
Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd.")	Interest of a controlled corporation *(note 3)*	530,894,000	81.70%
Overseas Chinese Town Enterprises Company ("OCT Group")	Interest of a controlled corporation *(note 4)*	530,894,000	81.70%
NC Life Insurance	Beneficial owner *(note 6)*	40,000,000	6.16%
CRAMC	Beneficial owner *(note 6)*	40,000,000	6.16%
Others			
UBS AG	Interest of a controlled corporation *(note 5)*	54,192,000	8.34%

Notes:

(1) Ms. Xie Mei, being executive Director, is also a director of Pacific Climax.

(2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Wang Xiaowen and Ms. Xie Mei, both being executive Directors, are also directors of OCT (HK).

(3) OCT Ltd. is the beneficial owner of all the issued share capital in OCT (HK). Therefore, OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.

(4) OCT Group is the beneficial owner of 56.63% of the issued shares in OCT Ltd., which is the beneficial owner of all the issued share capital in OCT (HK) and in turn, the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO.

Directors' Report

(5) The interest of UBS AG is derived from the interests in 41,396,000 Shares, 9,262,000 Shares and 3,534,000 Shares (total: 54,192,000 Shares) held by UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd and UBS Global Asset Management (Singapore) Ltd respectively, which are directly wholly-owned by UBS AG. Therefore, UBS AG is deemed, or taken to be interested in the total of 54,192,000 Shares for the purpose of the SFO.

(6) On 24 July 2013, the Company allotted and issued 40,000,000 and 40,000,000 Convertible Preference Shares to NC Life Insurance and CRAMC respectively according to the preference shares subscription agreements entered into by the Company with each of NC Life Insurance and CRAMC on 6 June 2013. In addition, on 6 June 2013, OCT (HK) entered into a put option agreement with each of NC Life Insurance, CRAMC, pursuant to which, OCT (HK) grants to each of NC Life Insurance and CRAMC to require OCT (HK) to purchase from NC Life Insurance and CRAMC or Integrated Asset (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) all (but not some only) of the outstanding Convertible Preference Shares legally and beneficially owned by NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) from time to time during the 180 days commencing from the third anniversary of the date on which the Convertible Preference Shares would be allotted and issued by the Company to NC Life Insurance, CRAMC or Integrated Asset (as the case may be).

Save as disclosed above, as at 31 December 2013, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	2%	
Five largest customers in aggregate	6%	
The largest supplier		26%
Five largest suppliers in aggregate		47%

Other than OCT Group, the ultimate controlling company of the Company, which owns approximately 19% of the total issued share capital and has gained the control of majority of the board of Konka Group Co., Ltd. (and its subsidiaries), one of the five largest customers of the Group in 2013, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers.

Directors' Report

Connected Transactions

During the year, the Group has the following continuing connected transactions (the "Connected Transactions") and the Company has fully complied with the announcement, reporting and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules (where applicable):

1. On 31 December 2010, Happy Valley branch office of Chengdu OCT (成都天府華僑城實業發展有限公司歡樂谷分公司) ("Chengdu OCT Happy Valley Branch") entered into the New Cooperation Agreement with a branch office of Shenzhen Overseas Chinese Town City Inn Company Limited (深圳市華僑城城市客棧有限公司) ("OCT City Inn Chengdu Branch") for a term of three years commencing from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Cooperation Agreement, Chengdu OCT Happy Valley Branch agreed to sell tickets of the Theme Park to OCT City Inn Chengdu Branch at a fixed discounted price per ticket. OCT City Inn Chengdu Branch shall settle the ticket sales on a monthly basis by cash for the actual transaction amount.

   Shenzhen Overseas Chinese Town City Inn Company Limited (深圳市華僑城城市客棧有限公司) ("OCT City Inn") is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Branch is the branch company of OCT City Inn. Accordingly, the arrangements under the above New Cooperation Agreement constituted continuing connected transactions under the Listing Rules.

2. On 31 December 2010, Chengdu OCT Happy Valley Branch entered into the New Marketing Contract with OCT Ltd. for a term of three years commencing from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Marketing Contract, Chengdu OCT Happy Valley Branch agreed to sell VIP tickets of the Theme Park to OCT Ltd. The selling prices of such VIP tickets would be similar to those offered to independent third parties for similar nature of transactions. OCT Ltd. shall settle the ticket sales on a half-yearly basis by cash or bank transfer for the actual transaction amount.

   OCT Ltd. owns 100% equity interests in OCT (HK), which owns 100% equity interests in Pacific Climax, a controlling shareholder of the Company, and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Marketing Contract constituted continuing connected transactions under the Listing Rules.

3. On 31 December 2010, Chengdu OCT Happy Valley Branch entered into the New Theme Show Framework Agreement with Shenzhen Overseas Chinese Town International Media and Performance Company Limited (深圳華僑城國際傳媒演藝有限公司) ("OCT International Media") for a term of three years commencing from 1 January 2011 and ended on 31 December 2013, pursuant to which OCT International Media agreed to provide consultancy services, improvement and/or modification services, production services to Chengdu OCT Happy Valley Branch. The charge of such services would be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services and would be similar to that provided by independent third parties to Chengdu OCT and on terms no less favourable than those Chengdu OCT can obtain from independent third parties. Payment of service charges shall be made after completion of works for each stage of service.

   OCT International Media is a non-wholly-owned subsidiary of OCT Ltd. and is owned directly as to 10% by Chengdu OCT, and hence a connected person of the Company. Accordingly, the arrangements under the above New Theme Show Framework Agreement constituted continuing connected transactions under the Listing Rules.

Directors' Report

4. Chengdu OCT has entered into a tenancy agreement dated 12 December 2008 ("Existing Tenancy Agreement") with OCT City Inn for a term of 15 years from the second day of the date of vacant possession of certain premises located in Jinniu District, Chengdu, Sichuan Province, the PRC. Chengdu OCT and OCT City Inn agrees to terminate the Existing Chengdu Tenancy and entered into the New Chengdu Tenancy I on 31 December 2010 for a term of three years with effect from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Chengdu Tenancy I, Chengdu OCT agrees to lease to OCT City Inn certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC, owned by Chengdu OCT for the operation of an inn.

   OCT City Inn is an indirect wholly-owned subsidiary of OCT Limited, and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Chengdu Tenancy I constituted continuing connected transactions under the Listing Rules.

5. On 31 December 2010, Chengdu OCT entered into the New Chengdu Tenancy II with Shenzhen OCT Hake Culture Company Limited (深圳華僑城哈克文化有限公司) ("OCT Hake") for a term of three years commencing from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Chengdu Tenancy II, Chengdu OCT agreed to lease to OCT Hake certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC for the operation of an entertainment centre for children.

   OCT Hake is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Chengdu Tenancy II constituted continuing connected transactions under the Listing Rules.

6. On 31 December 2010, Chengdu OCT and a branch office of Shenzhen Overseas Chinese Town Property Management Company Limited (深圳市華僑城物業管理有限公司) ("OCT Property Management Chengdu Branch") agreed to terminate the Existing Property Management Contracts and entered into the New Property Management Framework Agreement for a term of three years commencing from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Property Management Framework Agreement, OCT Property Management Chengdu Branch agreed to provide property management services to the whole project of Chengdu OCT in Chengdu. The management fees payable under New Property Management Framework Agreement would be calculated based on the actual areas that were managed, and the manpower that had been employed by OCT Property Management Chengdu Branch and the parties shall enter into separate management contract for the precise property that would be managed by OCT Property Management Chengdu Branch which shall specify the payment arrangement for the management fees.

   Shenzhen Overseas Chinese Town Property Management Company Limited (深圳市華僑城物業管理有限公司) ("OCT Property Management") (now known as Shenzhen Overseas Chinese Town Property Service Company Limited) is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Property Management Chengdu Branch is the branch company of OCT Property Management. Accordingly, the arrangements of the above New Property Management Framework Agreement constituted continuing connected transactions under the Listing Rules.

Directors' Report

7. On 31 December 2010, Chengdu OCT entered into the New Electricity Consultation Services Agreement with Shenzhen Overseas Chinese Town Water and Electricity Company Limited (深圳華僑城水電有限公司) ("OCT Electricity") for a term of three years commencing from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Electricity Consultation Services Agreement, OCT Electricity agreed to provide consultation services in relation to electricity facilities in the development projects in Chengdu to Chengdu OCT.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements of the above New Electricity Consultation Services Agreement constituted continuing connected transactions under the Listing Rules.

8. On 31 December 2010, Shenzhen Huali entered into the New Tenancy Agreement II with OCT Group for a term of three years commencing from 1 January 2011 to 31 December 2013.

   OCT Group is a holding company of OCT Ltd., holding approximately 56.52% interests in OCT Ltd. as at the date of this Annual Report. OCT Ltd. owns 100% equity interests in OCT (HK), which owns 100% equity interests in Pacific Climax, a controlling shareholder of the Company, and hence each of OCT Group and its associates is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Tenancy Agreement II constituted continuing connected transactions under the Listing Rules.

9. On 31 December 2010, Shenzhen Huali entered into the New Utilities Agreement with OCT Electricity for a term of three years commencing from 1 January 2011 and ended on 31 December 2013 pursuant to which Shenzhen Huali agreed to pay for the water (including sewage charges) and electricity charges incurred for the premises rented by Shenzhen Huali located in Huaqiaocheng, Shenzhen. The calculation of the electricity and water charges are based on the meter reading of Shenzhen Huali's separately installed meters and shall be paid on a monthly basis. The water, sewage and electricity tariffs charged by OCT Electricity follows the standard charges set by the government authorities.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Utilities Agreement constituted continuing connected transactions under the Listing Rules.

10. On 27 January 2011, the Group entered into a cartons sale and purchase framework agreement (the "New Cartons Framework Agreement") with OCT Group for a term of three years commencing from 1 January 2011 and ended on 31 December 2013. Pursuant to the New Cartons Framework Agreement, the Group has agreed to sell cartons to OCT Group and its associates. The exact amount of cartons to be sold and the selling price would be determined by OCT Group and/or its associates and the Group on each sale transaction with reference to the market prices of the cartons. The independent Shareholders' approval for the New Cartons Framework Agreement was obtained on 6 April 2011.

    OCT Group is a holding company of OCT Ltd., holding approximately 56.52% interests in OCT Ltd. as at the date of this annual report. OCT Ltd. owns 100% equity interests in OCT (HK), which owns 100% equity interests in Pacific Climax, a controlling shareholder of the Company, and hence each of OCT Group and its associates is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Cartons Sale and Purchase Agreement constituted continuing connected transactions under the Listing Rules.

Directors' Report

11. On 16 August 2011, Chengdu OCT entered into the Framework Agreement with OCT Electricity. Pursuant to the Framework Agreement, OCT Electricity agreed to provide the Electricity Equipment Maintenance Service to Chengdu OCT for a term with effect from the effective date of the Framework Agreement and ended on 31 December 2013.

    OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Group within the meaning of the Listing Rules. Accordingly, the arrangements under the above Framework Agreement constituted continuing connected transactions under the Listing Rules.

12. On 15 November 2011, Chengdu OCT Happy Valley Branch entered into the OCT Culture Framework Agreement with OCT Culture. Pursuant to the OCT Culture Framework Agreement, Chengdu OCT Happy Valley Branch agreed to purchase and OCT Culture agreed to supply the Entertainment Facilities and Service to Chengdu OCT Happy Valley Branch for a term with effect from the effective date of the OCT Culture Framework Agreement and ended on 31 December 2013.

    OCT Culture is a non-wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Group within the meaning of the Listing Rules. Accordingly, the arrangements under the above OCT Culture Framework Agreement constituted continuing connected transactions under the Listing Rules.

13. On 15 November 2011, Chengdu OCT entered into the Konka Framework Agreement with Konka Group. Pursuant to the Konka Framework Agreement, Chengdu OCT agreed to purchase and Konka Group agreed to supply the LED Equipment, Television and Other Electronic Products and Service to Chengdu OCT for a term with effect from 1 January 2012 and ended on 31 December 2013.

    Konka Group is directly owned by OCT Group as to approximately 19% of its total issued share capital and has gained control of majority of the board of Konka Group. Therefore Konka Group is a connected person of the Group pursuant to the Listing Rules. Accordingly, the arrangements under the above Konka Framework Agreement constituted continuing connected transactions under the Listing Rules.

14. On 10 February 2012, OCT Shanghai Land entered into a Property Management Framework Agreement with the Shanghai branch office of Shenzhen Overseas Chinese Town Property Service Company Limited ("OCT Property Service Shanghai Branch") for a term with effect from 1 March 2012 and ending on 31 December 2014. Pursuant to the Property Management Framework Agreement, OCT Property Service Shanghai Branch agrees to provide property management services in relation to the Suhewan Project of OCT Shanghai Land. The property management fees payable under the Property Management Framework Agreement will be calculated based on the actual areas to be managed and the labour costs to be incurred by OCT Property Service Shanghai Branch. The parties will enter into separate property management contracts to specify the properties to be managed by OCT Property Service Shanghai Branch, and the payment terms for the management fees, as well as to stipulate other rights and obligations of the parties.

    Shenzhen Overseas Chinese Town Property Service Company Limited (formerly known as Shenzhen Overseas Chinese Town Property Management Company Limited) ("OCT Property Service") is an indirect wholly-owned subsidiary of OCT Ltd. Therefore OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch of OCT Property Service. OCT Shanghai Land became an indirect non-wholly owned subsidiary of the Company on 20 June 2012. Accordingly, the arrangements under the above Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules from 20 June 2012 onwards.

Directors' Report

Details of items (1) to (9) of the Connected Transactions are set out in the announcement of the Company dated 31 December 2010; details of item (10) of the Connected Transactions are set out in the announcement of the Company dated 27 January 2011; details of item (11) of the Connected Transactions are set out in the announcement of the Company dated 16 August 2011; details of items (12) to (13) of the Connected Transaction are set out in the announcement of the Company dated 15 November 2011; details of item (14) of the Connected Transactions are set out in the announcement of the Company dated 20 June 2012. The transaction amount and cap amount of the Connected Transactions for the year ended 31 December 2013 are as follows:

	Details of the Connected Transactions	**Transaction amount for the year ended 31 December 2013** RMB'000	**Cap amount for the year ended 31 December 2013** RMB'000
(1)	New Cooperation Agreement between Chengdu OCT Happy Valley Branch and OCT City Inn Chengdu Branch	1,028	1,500
(2)	New Marketing Contract between Chengdu OCT Happy Valley Branch and OCT Ltd.	–	1,000
(3)	New Theme Show Framework Agreement between Chengdu OCT Happy Valley Branch and OCT International Media	–	30,000
(4)	New Chengdu Tenancy I between Chengdu OCT and OCT City Inn	1,700	2,000
(5)	New Chengdu Tenancy II between Chengdu OCT and OCT Hake	1,546	4,000
(6)	New Property Management Framework Agreement between Chengdu OCT and OCT Property Management Chengdu Branch	19,901	49,200
(7)	New Electricity Consultation Services Agreement between Chengdu OCT and OCT Electricity	555	600
(8)	New Tenancy Agreement II between Shenzhen Huali and OCT Group	838	838
(9)	New Utilities Agreement between Shenzhen Huali and OCT Electricity	16	700
(10)	New Cartons Framework Agreement between the Group and OCT Group	60,431	143,000
(11)	Framework Agreement between Chengdu OCT and OCT Electricity	3,219	3,320
(12)	OCT Culture Framework Agreement between Chengdu OCT Happy Valley Branch and OCT Culture	14,600	30,000
(13)	Konka Framework Agreement between Chengdu OCT and Konka Group	1,023	11,000
(14)	Property Management Framework Agreement between OCT Shanghai Land and OCT Property Service Shanghai Branch	2,342	8,000

The Directors confirm that for the above Connected Transactions, the Company has complied with the disclosure, reporting and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

Directors' Report

The independent non-executive Directors have reviewed the above Connected Transactions and confirm:

(1) the above Connected Transactions are in the ordinary course of business of the Company;

(2) the above Connected Transactions are on normal commercial terms, or if there are insufficient comparable transactions to judge whether the terms of those transactions are normal commercial terms, as far as the Company is concerned, the terms of the above transactions are no less favourable than those available to or from independent third parties (as the case may be); and

(3) the above Connected Transactions are entered into under the terms of the agreements in respect of the relevant transactions and the transaction terms are fair and reasonable and are in the interest of shareholders of the Company as a whole.

In addition, the Company's auditors have also confirmed in writing to the Board, the above Connected Transactions:

(1) have received the approval of the Board;

(2) nothing had come to their attention which caused them to believe that:

- the Connected Transactions had not been entered into in accordance with the relevant agreements governing the transactions;
- the Connected Transactions had not been entered into in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group; and
- the transaction amount occurred in 2013 for each of the Connected Transactions was not within the respective cap amount as disclosed in the Company's announcements on 31 December 2010, 27 January 2011, 16 August 2011, 15 November 2011 and 20 June 2012.

On 6 June 2013, the Company entered into a subscription agreement (the "OCT (HK) subscription Agreement") with OCT (HK) in relation to the subscription of 140,000,000 Shares by OCT (HK) or any of its wholly-owned subsidiaries designated by OCT (HK) at the subscription price of HK$4.05 per Share.

Given OCT (HK) owns the entire issued share capital of Pacific Climax, a controlling shareholder of the Company and thus is a connected person of the Company under the Listing Rules, the OCT (HK) Subscription Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, and was subject to, among other things, the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The shareholders of the Company had granted specific mandates to the Company to allot and issue the 140,000,000 Shares to OCT (HK) or any of its wholly-owned subsidiaries designated by OCT (HK) at the extraordinary general meeting of the Company on 19 July 2013. The subscription of 140,000,000 Shares by OCT (HK) was completed on 26 July 2013.

Directors' Report

On 11 December 2013, the Group has entered into the following continuing connected transactions and has complied with Chapter 14A of the Listing Rules.

1. On 11 December 2013, the Company and OCT Group entered into the Cartons Sale and Purchase Agreement for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. Pursuant to the Cartons Sale and Purchase Agreement, the Group has agreed to sell cartons and other paper products to OCT Group and its associates. The exact amount of products to be sold and the selling price will be determined by OCT Group and/or its associates and the Group on each sale transaction with reference to the prevailing market prices of the products.

   OCT Group is a holding company of OCT Ltd., holding approximately 56.63% interests in OCT Ltd. as at the date of this annual report. OCT Ltd. owns 100% equity interests in OCT (HK), which owns 100% equity interests in Pacific Climax, a controlling shareholder of the Company, and hence each of OCT Group and its associates is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above New Cartons Sale and Purchase Agreement constitute continuing connected transactions under the Listing Rules.

2. On 11 December 2013, OCT Shanghai Land entered into the New Property Management Agreement with OCT Property Service Shanghai Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. Pursuant to the New Property Management Agreement, the Existing Property Management Agreement was terminated and OCT Property Service Shanghai Branch will provide property management services to OCT Shanghai Land in relation to the Shanghai Suhewan Project for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. The management fees payable under New Property Management Agreement will be calculated based on the actual areas that are managed, and the labour costs to be incurred by OCT Property Service Shanghai Branch and the parties shall enter into separate management contract(s) for the precise property that would be managed by OCT Property Service Shanghai Branch which shall specify the payment arrangement for the management fees.

   OCT Property Service (formerly known as Shenzhen Overseas Chinese Town Property Management Company Limited) is an indirect wholly-owned subsidiary of OCT Ltd. Therefore OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch company of OCT Property Service. Accordingly, the arrangements under the above New Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules.

Directors' Report

3. On 11 December 2013, OCT Shanghai Land entered into the Electrical and Mechanical Services Consultation Agreement with OCT Electricity for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. Pursuant to the Electrical and Mechanical Services Consultation Agreement, OCT Electricity will provide Electrical and Mechanical Consultation Services to OCT Shanghai Land in relation to the Suhewan project in Shanghai. The consultation fees payable under Electrical and Mechanical Services Consultation Agreement will be calculated based on the labour costs to be incurred by OCT Electricity. The parties shall enter into separate consultation contracts for the consultation services that would be provided by OCT Electricity which shall specify the payment arrangement for the consultation fees.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements of the above Electrical and Mechanical Services Consultation Agreement constitute continuing connected transactions under the Listing Rules.

4. On 11 December 2013, Chengdu OCT entered into the Property Management Framework Agreement with OCT Property Service Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. Pursuant to the Property Management Framework Agreement, OCT Property Service Chengdu Branch will provide property management services to Chengdu OCT in relation to Chengdu OCT's project in Chengdu. The management fees payable under Property Management Framework Agreement will be calculated based on the actual areas that are managed and the manpower that have been employed by OCT Property Service Chengdu Branch and the parties shall enter into separate management contract(s) for the precise property that would be managed by OCT Property Service Chengdu Branch which shall specify the payment arrangement for the management fees.

   OCT Property Service (formerly known as Shenzhen Overseas Chinese Town Property Management Company Limited) is an indirect wholly-owned subsidiary of OCT Ltd. Therefore OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch of OCT Property Service. Accordingly, the arrangements under the above Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules.

Directors' Report

5. On 11 December 2013, Chengdu OCT entered into the Electricity Consultation Services Agreement with OCT Electricity Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which OCT Electricity Chengdu Branch will provide, among others, daily and regular inspection, maintenance and management service to Chengdu OCT, its subsidiaries and branches in relation to certain electricity facilities in properties in the operating areas of Chengdu OCT and provide consultation services to Chengdu OCT, its subsidiaries and branches in relation to professional electricity supply skills and related business and the plan of constructing an electricity monitoring system of Chengdu OCT. The charges for the services will be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services and paid on a quarterly basis.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Electricity Chengdu Branch is a branch company of OCT Electricity. Hence, the arrangements under the above Electricity Consultation Services Agreement constitute continuing connected transactions under Listing Rules.

6. On 11 December 2013, Chengdu OCT entered into the Theme Show Framework Agreement with OCT International Media for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which OCT International Media, its subsidiaries and branches agree to provide consultancy services to Chengdu OCT, its subsidiaries and branches, provide improvement and/or modification services and production services, and act as the general agent of Chengdu OCT, its subsidiaries and branches to sell theme shows tickets and rental of the Chengdu OCT Theatre. The charge of such services will be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services. Payment of service charges shall be made after completion of works for each stage of service. The specific payment arrangement will be specified in the separate service agreement(s) to be entered into between the parties.

   OCT International Media is a non-wholly-owned subsidiary of OCT Ltd. and is owned directly as to 10% by Chengdu OCT, and hence a connected person of the Company. Accordingly, the arrangements under the above Theme Show Framework Agreement constitute continuing connected transactions under the Listing Rules.

7. On 11 December 2013, Chengdu OCT entered into the Konka Framework Agreement with Konka Group Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. Pursuant to the Konka Framework Agreement, Chengdu OCT, its subsidiaries and branches agree to purchase and Konka Group Chengdu Branch agrees to supply the LED Equipment, Television and Other Electronic Products and Service to Chengdu OCT.

   Konka Group is directly owned by OCT Group as to approximately 19% of its total issued share capital and has gained control of majority of the board of Konka Group. Therefore Konka Group is a connected person of the Group pursuant to the Listing Rules. Konka Group Chengdu Branch is a branch company of Konka Group. Accordingly, the arrangements under the above Konka Framework Agreement constitute continuing connected transactions under the Listing Rules.

Directors' Report

8. On 11 December 2013, Chengdu OCT Happy Valley Branch entered into the Entertainment Facilities Framework Agreement with OCT Culture for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. Pursuant to the Entertainment Facilities Framework Agreement, Chengdu OCT Happy Valley Branch agrees to purchase and OCT Culture agrees to supply entertainment facilities and related services to Chengdu OCT Happy Valley Branch.

   OCT Culture is a non-wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Group within the meaning of the Listing Rules. Accordingly, the arrangements under the above Entertainment Facilities Framework Agreement constitute continuing connected transactions under the Listing Rules.

9. On 11 December 2013, Chengdu OCT Happy Valley Branch entered into the Cooperation Agreement with OCT City Inn Chengdu Branch for a term of three years with effect from 1 January 2014 to 31 December 2016, pursuant to which, among others, Chengdu OCT Happy Valley Branch agrees to sell tickets of the Theme Park to OCT City Inn Chengdu Branch at a fixed discounted price per ticket. OCT City Inn Chengdu Branch shall settle the ticket sales on a monthly basis in cash for the actual transaction amount.

   OCT City Inn is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Branch is the branch company of OCT City Inn. Accordingly, the arrangements under the above Cooperation Agreement constitute continuing connected transactions under the Listing Rules.

10. On 11 December 2013, Chengdu OCT entered into the Chengdu Tenancy I with OCT City Inn Chengdu Shaxi Line Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which Chengdu OCT agrees to lease to OCT City Inn Chengdu Shaxi Line Branch certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC, owned by Chengdu OCT for the operation of an inn.

    OCT City Inn is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Shaxi Line Branch is a branch company of OCT City Inn. Accordingly, the arrangements under the above Chengdu Tenancy I constitute continuing connected transactions under Listing Rules.

11. On 11 December 2013, Chengdu OCT entered into the Chengdu Tenancy II with OCT Hake Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which Chengdu OCT agrees to lease to OCT Hake Chengdu Branch certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC for the operation of an entertainment centre.

    OCT Hake is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Hake Chengdu Branch is a branch company of OCT Hake. Accordingly, the arrangements under the above New Chengdu Tenancy II constitute continuing connected transactions under the Listing Rules.

Directors' Report

The related party transactions are set out in note 33 to the financial statements of the Company. Apart from the connected transactions and continuing connected transactions disclosed above, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2013, OCT Group and its associates had made financial assistance to the Group, and the Group had paid interest and related charges of a total sum of approximately RMB523 million to OCT Group and its associates. Such financial assistance constituted connected transaction of the Company but was exempt from reporting, announcement and independent shareholders' approval requirements due to the fact that such financial assistance provided by OCT Group and its associates for the benefit of the Company was on normal commercial terms (or better to the listed issuer) where no security over the assets of the Group was granted in respect of such financial assistance.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2013 are set out in note 24 to the financial statements.

Five Year Summary

A summary of the results and the assets and liabilities of the Company for the last five years is set out on pages 143 to 144 of this annual report.

Retirement Schemes

The Group participates in two defined contribution retirement schemes which cover the Group's full-time employees. Particulars of these retirement schemes are set out in note 25 to the financial statements.

Confirmation of Independence

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

Auditor

RSM Nelson Wheeler has been appointed as the auditor of the Company for the first time with effect from 10 December 2012.

RSM Nelson Wheeler will retire and offer themselves for re-election. A resolution is to be proposed by the Company at the forthcoming annual general meeting, to re-appoint RSM Nelson Wheeler as the auditor of the Company.

Directors' Report

Public Float

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

Share Option Scheme

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme (the "New Scheme") and simultaneously terminated the share option scheme (the "Old Scheme") which was adopted by the Company on 12 October 2005. The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees (full-time and part-time), directors, consultants and advisers of the Group and to promote the business development of the Group. The New Scheme shall be valid and effective for a period of ten years ending on 14 February 2021, unless terminated earlier by shareholders of the Company at general meeting.

The participants of the New Scheme include any full-time or part-time employee, director, advisor and professional consultant of the Group or any member of the Group. The Directors may at their absolute discretion and on such terms as they may think fit, propose any eligible person under the New Scheme to take up options.

An offer for the grant of options must be accepted within 28 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

The subscription price of a share in respect of any particular option granted under the New Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under all the New Schemes and any other Share Option Scheme does not exceed 10% of the shares in issue at the date of approval of the New Scheme. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all options granted and yet to be exercised under all the New Schemes and any other Share Option Scheme of the Company does not exceed 30% of the shares in issue at the time.

The total number of options available for issue under the New Scheme as at 31 December 2013 was 20,436,000 options, which represented approximately 3.15% of all the issued share capital of the Company as at 31 December 2013. In addition, options granted under the Old Scheme were exercised in full, the total number of shares to be issued upon exercise of options already granted under the New Scheme as at 31 December 2013 was 30,100,000 Shares, representing approximately 4.63% of the issued share capital of the Company as at 31 December 2013. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

Directors' Report

An option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

Pursuant to the terms of the New Scheme, the Company granted 30,100,000 options to some eligible participants (including some directors and employees) at the exercise price of HK$4.04 and grant price of HK$1 on 3 March 2011. Details of the options granted under the New Scheme above are set out in the announcement of the Company dated 3 March 2011.

The status of the share options granted up to 31 December 2013 is as follows:

	Number of unlisted share options (physically settled equity derivatives)									
Name and category of participants	As at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 31 December 2013	Date of grant of share options	Exercise period of share options	Exercise price of share options* HK$	Share price of the Company as at the date of grant of share options** HK$	Share price of the Company as at the date of exercise of share options*** HK$
Directors										
Zhou Ping *(note 1)*	160,000	–	–	–	160,000	3 March 2011****	3 March 2011 to 2 March 2016	4.04	4.04	–
Other employees	29,940,000	–	–	400,000	29,540,000	3 March 2011****	3 March 2011 to 2 March 2016	4.04	4.04	–
Total	30,100,000	–	–	400,000	29,700,000					

* The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

*** The share price of the Company as at the date of the exercise of the share options was the weighted average closing price of the shares immediately before the dates on which the share options were exercised during the period.

***** The share options granted under the New Scheme shall be exercisable during the period from the date of acceptance of the offer of the grant (the "Date of Grant") up to 5 years from the Date of Grant subject to the following vesting term:

Maximum percentage of Share Options exercisable including the percentage of share options previously exercised	Period for exercise of the relevant percentage of the share options
30%	at any time after the expiry of 2 years from the Date of Grant up to 3 years from the Date of Grant
60%	at any time after the expiry of 3 years from the Date of Grant up to 4 years from the Date of Grant
100%	at any time after the expiry of 4 years from the Date of Grant up to 5 years from the Date of Grant

Note 1: Ms. Li Ning, the spouse of Mr. Zhou Ping holds 160,000 share options. Mr. Zhou is deemed, or taken to be, interested in the 160,000 share options held by Ms. Li Ning. The share options held by Ms. Li Ning was reclassified from the category of "Other employee" to "Directors" after Mr. Zhou was appointed as a non-executive Director.

Directors' Report

The details of the model and significant assumptions used to estimate the fair value of the share options granted by the Company to the eligible participants during the period are set out in note 26 to the financial statements of the Company.

Apart from the foregoing, at no time during the period prior to the date of this report was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 28 to the financial statements of the Company.

By order of the Board
Wang Xiaowen
Chairman
Hong Kong, 5 March 2014

Independent Auditor's Report

RSM
Audit • Tax • Advisory

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OVERSEAS CHINESE TOWN (ASIA) HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Overseas Chinese Town (Asia) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 142, which comprise the consolidated and Company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, 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, 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 Company and of the Group as at 31 December 2013, and of the Group's results 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.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

5 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Turnover	5	4,058,517	3,452,883
Cost of sales		(2,578,885)	(2,267,153)
Gross profit		1,479,632	1,185,730
Other revenue	6(a)	20,374	14,314
Other net income/(expense)	6(b)	52,892	(7,067)
Distribution costs		(206,477)	(224,926)
Administrative expenses		(200,658)	(154,420)
Other operating expenses		(8,731)	(12,627)
Profit from operations		1,137,032	801,004
Finance costs	7(a)	(159,042)	(102,623)
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate		5,822	–
Share of profits and losses of associates	17	18,316	39,687
Profit before tax	7	1,002,128	738,068
Income tax expenses	8	(445,731)	(347,611)
Profit for the year		556,397	390,457
Attributable to:			
Owners of the Company		235,905	177,236
Non-controlling interests		320,492	213,221
		556,397	390,457
Earnings per share (RMB)	12		
Basic		0.41	0.35
Diluted		0.38	0.35

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
Profit for the year	**556,397**	390,457
Other comprehensive income for the year, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**25,104**	12,998
Total comprehensive income for the year	**581,501**	403,455
Attributable to:		
Owners of the Company	**261,009**	190,234
Non-controlling interests	**320,492**	213,221
	581,501	403,455

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets	13		
– Investment property		578,695	636,074
– Other property, plant and equipment		1,463,094	1,312,733
– Interests in leasehold land held for own use		661,382	705,513
		2,703,171	2,654,320
Intangible assets	14	486	410
Goodwill	15	267,195	267,195
Interests in associates	17	186,299	120,621
Other financial assets	18	4,320	4,320
Deferred tax assets	27(a)	114,579	97,290
		3,276,050	3,144,156
Current assets			
Inventories	19	14,565,322	14,198,204
Trade and other receivables	20	1,549,176	1,270,214
Cash and cash equivalents	21	1,711,357	1,525,861
		17,825,855	16,994,279
Current liabilities			
Trade and other payables	22	3,051,770	3,645,480
Receipts in advance	23	817,112	466,033
Bank loans	24	208,699	153,302
Related party loans	24	671,000	3,325,590
Current tax liabilities		778,130	317,637
		5,526,711	7,908,042
Net current assets		12,299,144	9,086,237
Total assets less current liabilities		15,575,194	12,230,393

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Bank loans	24	952,481	964,972
Related party loans	24	8,238,876	6,140,331
Deferred tax liabilities	27(a)	273,542	295,016
		9,464,899	7,400,319
NET ASSETS		6,110,295	4,830,074
CAPITAL AND RESERVES			
Share capital	28(c)	67,134	48,332
Reserves	28(d)	2,676,384	1,701,235
Equity attributable to owners of the Company		2,743,518	1,749,567
Non-controlling interests		3,366,777	3,080,507
TOTAL EQUITY		6,110,295	4,830,074

Approved and authorised for issue by the board of directors on 5 March 2014.

Wang Xiaowen
Director

Xie Mei
Director

Statement of Financial Position

At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets	13	56	92
Investments in subsidiaries	16	413,720	406,977
		413,776	407,069
Current assets			
Other receivables	20	3,766,146	3,049,406
Cash and cash equivalents	21	144,726	78,389
		3,910,872	3,127,795
Current liabilities			
Other payables	22	267,894	231,307
Bank loans	24	205,554	145,733
		473,448	377,040
Net current assets		3,437,424	2,750,755
Total assets less current liabilities		3,851,200	3,157,824
Non-current liabilities			
Bank loans	24	952,481	964,972
Related party loans	24	1,017,930	900,000
		1,970,411	1,864,972
NET ASSETS		1,880,789	1,292,852
CAPITAL AND RESERVES			
Share capital	28(c)	67,134	48,332
Reserves	28(a)	1,813,655	1,244,520
TOTAL EQUITY		1,880,789	1,292,852

Approved and authorised for issue by the board of directors on 5 March 2014.

Wang Xiaowen
Director

Xie Mei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

		Attributable to owners of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		(note 28(c))	(note 28(d)(i))	(note 28(d)(i))	(note 28(d)(ii))	(note 28(d)(iii))	(note 28(d)(iv))	(note 28(d)(v))	(note 28(d)(vi))				
At 1 January 2012		48,274	988,380	147,711	24,757	30,371	(4,369)	62,131	5,366	275,280	1,577,901	712,237	2,290,138
Total comprehensive income for the year		–	–	–	–	–	12,998	–	–	177,236	190,234	213,221	403,455
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	–	–	2,187,242	2,187,242
Transfer between reserves		–	–	–	–	–	–	40,623	–	(40,623)	–	–	–
Shares issued under share option scheme	28(c)	58	937	–	–	(171)	–	–	–	–	824	–	824
Equity settled share-based transactions	26(b)	–	–	–	–	10,946	–	–	–	–	10,946	–	10,946
Dividend approved and paid in respect of previous year	28(b)	–	–	–	–	–	–	–	–	(30,338)	(30,338)	(32,193)	(62,531)
Changes in equity for the year		58	937	–	–	10,775	12,998	40,623	–	106,275	171,666	2,368,270	2,539,936
At 31 December 2012		48,332	989,317	147,711	24,757	41,146	8,629	102,754	5,366	381,555	1,749,567	3,080,507	4,830,074
At 1 January 2013		48,332	989,317	147,711	24,757	41,146	8,629	102,754	5,366	381,555	1,749,567	3,080,507	4,830,074
Total comprehensive income for the year		–	–	–	–	–	25,104	–	–	235,905	261,009	320,492	581,501
Transfer between reserves		–	–	–	–	–	–	73,429	–	(73,429)	–	–	–
Issue of convertible preference shares	28(c)	7,648	299,007	–	–	–	–	–	–	–	306,655	–	306,655
Issue of ordinary shares	28(c)	11,154	439,793	–	–	–	–	–	–	–	450,947	–	450,947
Transfer		–	(240,000)	–	–	–	–	–	–	240,000	–	–	–
Equity settled share-based transactions	26(b)	–	–	–	–	7,828	–	–	–	–	7,828	–	7,828
Dividend approved and paid in respect of previous year	28(b)	–	–	–	–	–	–	–	–	(32,488)	(32,488)	(34,222)	(66,710)
Changes in equity for the year		18,802	498,800	–	–	7,828	25,104	73,429	–	369,988	993,951	286,270	1,280,221
At 31 December 2013		67,134	1,488,117	147,711	24,757	48,974	33,733	176,183	5,366	751,543	2,743,518	3,366,777	6,110,295

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	1,021,385	1,331,110
Tax paid:			
– PRC tax paid		(221,441)	(144,782)
Interest paid		(563,597)	(466,841)
Net cash generated from operating activities		236,347	719,487
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of fixed assets and intangible assets		(303,910)	(75,834)
Proceeds from disposals of fixed assets		71,933	14,394
Acquisition of subsidiaries	29	–	(1,800,367)
Capital injection in an associate		(41,540)	–
Interest received		20,108	13,988
Net cash used in investing activities		(253,409)	(1,847,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of shares		757,602	824
Proceeds from new borrowings		3,584,180	4,214,766
Dividends paid to owners of the Company		(32,488)	(30,338)
Dividends paid to non-controlling interests		(34,222)	(32,193)
Repayment of borrowings		(4,029,319)	(2,260,257)
Net cash generated from financing activities		245,753	1,892,802
NET INCREASE IN CASH AND CASH EQUIVALENTS		228,691	764,470
Effect of foreign exchange rate changes		(43,195)	12,998
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,525,861	748,393
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	1,711,357	1,525,861

Notes to the Financial Statements

For the year ended 31 December 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Clifton House, PO Box 1350 GT, 75 Fort Street, Grand Cayman, Cayman Islands. The address of its principal place of business is Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2013, Pacific Climax Limited, a company incorporated in the British Virgin Islands, is the immediate parent; Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd"), a company incorporated in the People's Republic of China (the "PRC") which shares listed on the Shenzhen Stock Exchange and Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong, are the intermediate parents and Overseas Chinese Town Enterprises Corporation ("OCT Group"), a state-owned enterprise in the PRC, is the ultimate parent of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below:

(a) Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

Notes to the Financial Statements

For the year ended 31 December 2013

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(a) Amendments to HKAS 1 "Presentation of Financial Statements" *(continued)*

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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention unless otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these financial statements are disclosed in note 4 to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets, liabilities and contingent liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its fair value on the acquisition date (i.e. the date that the Company obtained control) and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (y) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognised in the consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

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

In the Company's statement of financial position the investments in associates are stated at cost less allowance for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	20 years
Plant and machinery	5 to 10 years
Motor vehicles	4 to 5 years
Other property, plant and equipment	3 to 5 years

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

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost less the residual value over its estimated useful life ranging from 25 years to 38 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	5 years
Copyright	2 years

Both the period and method of amortisation are reviewed annually.

(h) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market conditions. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(j) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

(k) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements
For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as available-for-sale financial assets.

– ***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Dividend, foreign exchange gain/loss and interest calculated using the effective interest method is recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

Notes to the Financial Statements
For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Financial liabilities and equity instruments *(continued)*

(ii) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenue arising from the sale of properties held for sale is recognised upon the later of the signing of the sale and purchase agreement and the completion of the properties which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under forward sales deposits and instalments received.

Revenue from the sales of tickets of theme park is recognised when the services are rendered and the ticket proceeds have been received. Revenue from the sales of tickets excludes business tax or other sales related tax and is after deduction of any discounts.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-proportion basis using the effective interest method.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

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

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Related parties

A related party is a person or entity that is related to the Group.

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(y) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets, except goodwill, deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. 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.

Notes to the Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Impairment of assets *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(z) Provisions and contingent liabilities

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

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

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

Notes to the Financial Statements
For the year ended 31 December 2013

4. KEY ESTIMATES

Key sources of estimation uncertainty

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, are discussed below.

(i) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(ii) Impairment loss for fixed assets

The Group makes impairment provision for fixed assets taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates. Uncertainty exists in these estimations.

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(iii) Provision for completed properties held for sale and properties held for future development and under development for sale

The Group's completed properties held for sale and properties held for future development and under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

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

Notes to the Financial Statements

For the year ended 31 December 2013

4. KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax asset to be recognised and hence the net profit in future years.

(v) PRC Corporate Income Tax ("CIT") and PRC LAT

As explained in note 8(a) to the financial statements, the Group is subject to PRC CIT and PRC LAT under audited taxation method. Significant judgement is required in determining the level of provision, as the calculations of which depend on the ultimate tax determination and are subject to uncertainty. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

(vi) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was RMB267,195,000. Details of the impairment loss calculation are provided in note 15 to financial statements.

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

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

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on gross floor area.

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

Notes to the Financial Statements

For the year ended 31 December 2013

5. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are comprehensive development and paper packaging business.

Turnover represents the sales value of goods or services supplied to customers (net of value-added tax and business tax), including the sales of properties, rental income from investment properties, ticket sales from theme park and sales of paper cartons and products are as follows:

	2013 RMB'000	2012 RMB'000
Comprehensive development business	3,278,978	2,624,031
Paper packaging business	779,539	828,852
	4,058,517	3,452,883

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenues in 2013.

Further details regarding the Group's principal activities are disclosed in note 5(b) to the financial statements.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has the following two reportable segments.

- Comprehensive development business: this segment engaged in the development and operation of tourism theme park, developed and sold residential properties, and development and management of properties.

- Paper packaging business: this segment engaged in the manufacture and sale of paper cartons and products.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and borrowings managed directly by the segments.

Notes to the Financial Statements

For the year ended 31 December 2013

5. TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "net profit". Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Expenses not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs, were allocated to each individual segment in proportion to its turnover.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Comprehensive development business		Paper packaging business		Total	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Revenue from external customers	3,278,978	2,624,031	779,539	828,852	4,058,517	3,452,883
Reportable segment net profit	220,520	153,951	15,385	23,285	235,905	177,236
Interest income	16,204	10,272	3,904	3,716	20,108	13,988
Interest expense	154,121	99,135	4,921	3,488	159,042	102,623
Depreciation and amortisation for the year	146,579	134,023	36,728	35,962	183,307	169,985
Share of profit/(losses) of associates	18,316	39,687	–	–	18,316	39,687
Income tax expense	443,916	345,150	1,815	2,461	445,731	347,611
Addition to segment non-current assets during the year	300,070	113,942	3,840	27,800	303,910	141,742
Reportable segment assets	19,051,328	18,619,712	2,050,577	1,518,723	21,101,905	20,138,435
Reportable segment liabilities	13,437,036	13,978,853	1,554,574	1,329,508	14,991,610	15,308,361
Interests in associates	186,299	120,621	–	–	186,299	120,621

Notes to the Financial Statements
For the year ended 31 December 2013

5. TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

	2013 RMB'000	2012 RMB'000
Revenue		
Reportable segment revenue	4,058,517	3,452,883
Elimination of inter-segment revenue	–	–
Consolidated turnover	4,058,517	3,452,883
Profit		
Reportable segment profit	235,905	177,236
Elimination of inter-segment profits	–	–
Reportable segment profit derived from Group's external customers	235,905	177,236
Consolidated net profit	235,905	177,236
Assets		
Reportable segment assets	21,101,905	20,138,435
Consolidated total assets	21,101,905	20,138,435
Liabilities		
Reportable segment liabilities	14,991,610	15,308,361
Consolidated total liabilities	14,991,610	15,308,361

(iii) Geographical information

The revenues from external customers and non-current assets of the two reportable segments are located in the PRC.

6. OTHER REVENUE AND NET INCOME/(EXPENSE)

(a) Other revenue

	2013 RMB'000	2012 RMB'000
Interest income	20,108	13,988
Government grants	266	326
	20,374	14,314

(b) Other net income/(expense)

	2013 RMB'000	2012 RMB'000
Net gain on disposal of fixed assets	259	181
Net exchange gain/(loss)	52,415	(8,111)
Others	218	863
	52,892	(7,067)

Notes to the Financial Statements

For the year ended 31 December 2013

7. PROFIT BEFORE TAX

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

	2013 RMB'000	2012 RMB'000
(a) Finance costs:		
Interest on bank loans	**45,260**	20,188
Interest on related party loans	**518,337**	446,653
Total interest expense on financial liabilities not at fair value through profit or loss	**563,597**	466,841
Less: Interest expense capitalised into properties under development*	**(404,555)**	(364,218)
	159,042	102,623

* The borrowing costs have been capitalised at a rate of 4.99% – 6.55% per annum (2012: 4.99% – 6.65%).

	2013 RMB'000	2012 RMB'000
(b) Staff costs:		
Contributions to defined contribution retirement schemes *(note 25)*	**13,497**	12,144
Salaries, wages and other benefits	**204,864**	136,687
Equity-settled share-based payment expenses *(note 26)*	**7,828**	10,946
	226,189	159,777

Notes to the Financial Statements

For the year ended 31 December 2013

7. PROFIT BEFORE TAX *(continued)*

	2013 RMB'000	2012 RMB'000
(c) Other items:		
Amortisation of intangible assets#	**226**	103
Depreciation#		
– investment property	**28,552**	22,859
– interests in leasehold land held for own use	**20,079**	20,750
– other assets	**134,450**	126,273
Impairment losses#		
– trade and other receivables	**2,005**	849
Operating lease charges in respect of properties#	**29,632**	30,123
Net exchange (gain)/loss	**(52,415)**	8,111
Auditors' remuneration		
– audit services	**1,200**	1,000
– other services	**–**	620
Rentals receivable from investment properties less direct outgoings of RMB25,432,000 (2012: RMB23,119,000)	**(14,713)**	(5,591)
Cost of inventories (note 19(c))#	**2,265,151**	2,011,575

\# Cost of inventories included RMB254,052,000 (2012: RMB242,860,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in notes 7(b) and 7(c) for each of these types of expenses.

Notes to the Financial Statements

For the year ended 31 December 2013

8. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	2013 RMB'000	2012 RMB'000
Current tax		
– PRC CIT		
Charge for the year	287,788	142,776
Overprovision in previous year	(29,719)	(1,389)
	258,069	141,387
– PRC LAT	226,123	196,872
	484,192	338,259
Deferred tax		
Origination and reversal of temporary differences *(note 27(a))*	(38,461)	9,352
	(38,461)	9,352
	445,731	347,611

(i) CIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year (2012: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year (2012: Nil).

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (2012: 25%).

Additionally, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards.

(ii) PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated.

Notes to the Financial Statements

For the year ended 31 December 2013

8. INCOME TAX EXPENSE *(continued)*

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

	2013 RMB'000	2012 RMB'000
Profit before tax	**1,002,128**	738,068
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**250,532**	184,517
Tax effect of non-deductible expenses	**48,409**	24,679
Tax effect of non-taxable income	**(24,878)**	(6,639)
Tax effect of prior year's unrecognised tax losses utilised	**(5)**	(216)
Over provision in previous year	**(29,719)**	(1,389)
Timing difference not included in deferred tax assets	**31,800**	(589)
PRC LAT	**226,123**	196,872
Tax effect of PRC LAT	**(56,531)**	(49,218)
Effect of tax concessions	**–**	(406)
Actual tax expense	**445,731**	347,611

Notes to the Financial Statements

For the year ended 31 December 2013

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement schemes contributions RMB'000	Share-based payments RMB'000	2013 Total RMB'000
Chairman:						
– Wang Xiaowen	–	–	–	–	–	–
Executive directors:						
– Xie Mei	–	391	266	66	–	723
– Yang Jie	–	–	–	–	–	–
Non-executive director:						
– He Haibin (resigned on 19 April 2013)	–	–	–	–	23	23
– Zhang Haidong (appointed on 19 April 2013 and resigned on 11 December 2013)	–	–	–	–	–	–
– Zhou Ping (appointed on 11 December 2013)	–	–	–	–	–	–
Independent non-executive directors:						
– Wong Wai Ling	113	–	–	–	–	113
– Lam Sing Kwong Simon	113	–	–	–	–	113
– Xu Jian (resigned on 19 April 2013)	33	–	–	–	–	33
– Lu Gong (appointed on 19 April 2013)	100	–	–	–	–	100
	359	391	266	66	23	1,105

Notes to the Financial Statements
For the year ended 31 December 2013

9. DIRECTORS' REMUNERATION *(continued)*

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement schemes contributions RMB'000	Share-based payments RMB'000	2012 Total RMB'000
Chairman:						
– Wang Xiaowen	–	–	–	–	–	–
Executive directors:						
– Xie Mei	–	391	252	50	–	693
– Zhou Guangeng (resigned on 28 March 2012)	–	98	146	4	109	357
– Yang Jie (appointed on 11 April 2012)	–	–	–	–	–	–
Non-executive director:						
– He Haibin	–	–	–	–	146	146
Independent non-executive directors:						
– Wong Wai Ling	98	–	–	–	–	98
– Lam Sing Kwong Simon	98	–	–	–	–	98
– Xu Jian	98	–	–	–	–	98
	294	489	398	54	255	1,490

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2012: RMB Nil).

Notes to the Financial Statements
For the year ended 31 December 2013

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, Nil (2012: Nil) are directors whose emoluments are disclosed in note 9 to the financial statements above. The aggregate of the emoluments in respect of the other five (2012: five) individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	1,499	1,432
Discretionary bonuses	4,004	3,021
Retirement schemes contributions	342	176
Equity-settled share-based payment expenses	65	91
	5,910	4,720

The emoluments of the five (2012: five) individuals with the highest emoluments are within the following bands:

	2013 Number of individuals	2012 Number of individuals
Nil – HK$1,000,000 (Nil – RMB797,900)	–	1
HK$1,000,001 – HK$1,500,000 (RMB797,901 – RMB1,196,850)	4	3
HK$1,500,001 – HK$2,000,000 (RMB1,196,851 – RMB1,595,800)	1	1

During the year, no emoluments (2012: RMB Nil) were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of RMB145,005,000 (2012: RMB28,551,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements
For the year ended 31 December 2013

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB235,905,000 (2012: RMB177,236,000) and the weighted average of 570,776,301 (2012: 509,581,475) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013 No. of shares	2012 No. of shares
Issued ordinary shares at 1 January *(note 28(c))*	509,790,000	509,070,000
Effect of share options exercised *(note 28(c))*	–	511,475
Effect of shares issued *(note 28(c))*	60,986,301	–
Weighted average number of ordinary shares at 31 December	570,776,301	509,581,475

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB235,905,000 (2012: RMB177,236,000) and the weighted average number ordinary shares of 613,121,506 shares (diluted) (2012: 509,685,441) calculated as follows:

	2013 No. of shares	2012 No. of shares
Weighted average number of ordinary shares at 31 December	570,776,301	509,581,475
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 28(c))*	–	103,966
Effect of deemed conversion of the convertible preference shares *(note 28(c))*	42,345,205	–
Weighted average number of ordinary shares (diluted) at 31 December	613,121,506	509,685,441

Notes to the Financial Statements

For the year ended 31 December 2013

13. FIXED ASSETS

(a) The Group

	Buildings RMB'000	Plant and machinery RMB'000	Construction in process RMB'000	Motor vehicles RMB'000	Other property, plant and equipment RMB'000	Sub-total RMB'000	Investment property RMB'000	Interests in leasehold land held for own use RMB'000	Total fixed assets RMB'000
Cost:									
At 1 January 2012	868,999	637,361	97,108	30,603	157,543	1,791,614	593,262	758,679	3,143,555
Additions	350	3,067	67,153	1,138	4,158	75,866	65,840	–	141,706
Arising on business combination	–	–	–	2,361	1,737	4,098	–	–	4,098
Transfer from construction in progress	319	24,743	(52,202)	–	–	(27,140)	27,140	–	–
Disposals	–	(24,281)	(626)	(1,019)	(2,595)	(28,521)	–	–	(28,521)
At 31 December 2012 and 1 January 2013	869,668	640,890	111,433	33,083	160,843	1,815,917	686,242	758,679	3,260,838
Exchange adjustment	–	(4)	–	–	–	(4)	–	–	(4)
Additions	104	1,103	286,378	5,674	1,559	294,818	8,790	–	303,608
Transfer from construction in progress	113,922	101,800	(249,456)	–	–	(33,734)	33,734	–	–
Transfer from leasehold land	–	–	26,976	–	–	26,976	–	(26,976)	–
Disposals	–	(515)	–	(1,326)	(1,040)	(2,881)	(79,501)	–	(82,382)
At 31 December 2013	983,694	743,274	175,331	37,431	161,362	2,101,092	649,265	731,703	3,482,060
Accumulated depreciation and impairment loss:									
At 1 January 2012	79,078	242,604	–	19,448	50,021	391,151	27,309	32,416	450,876
Charge for the year	36,788	59,598	–	3,638	26,249	126,273	22,859	20,750	169,882
Written back on disposal	–	(10,767)	–	(914)	(2,559)	(14,240)	–	–	(14,240)
At 31 December 2012 and 1 January 2013	115,866	291,435	–	22,172	73,711	503,184	50,168	53,166	606,518
Exchange adjustment	–	(2)	–	–	–	(2)	–	–	(2)
Charge for the year	39,798	66,620	–	3,800	24,232	134,450	28,552	20,079	183,081
Written back on disposal	–	(252)	–	(1,317)	(989)	(2,558)	(8,150)	–	(10,708)
Transfer from leasehold land	–	–	2,924	–	–	2,924	–	(2,924)	–
At 31 December 2013	155,664	357,801	2,924	24,655	96,954	637,998	70,570	70,321	778,889
Carrying amount:									
At 31 December 2013	828,030	385,473	172,407	12,776	64,408	1,463,094	578,695	661,382	2,703,171
At 31 December 2012	753,802	349,455	111,433	10,911	87,132	1,312,733	636,074	705,513	2,654,320

Notes to the Financial Statements

For the year ended 31 December 2013

13. FIXED ASSETS *(continued)*

(b) The Company

	Other property, plant and equipment RMB'000
Cost:	
At 1 January 2012	52
Additions	88
Exchange adjustment	(1)
At 31 December 2012 and 1 January 2013	139
Exchange adjustment	(5)
At 31 December 2013	134
Accumulated depreciation:	
At 1 January 2012	41
Charge for the year	6
At 31 December 2012 and 1 January 2013	47
Charge for the year	33
Exchange adjustment	(2)
At 31 December 2013	78
Carrying amount:	
At 31 December 2013	56
At 31 December 2012	92

(c) The analysis of carrying amount of properties is as follows:

	2013 RMB'000	2012 RMB'000
In PRC		
– medium-term leases	**1,489,412**	1,459,315
Representing:		
Buildings carried at cost	**828,030**	753,802
Interests in leasehold land held for own use	**661,382**	705,513
At 31 December	**1,489,412**	1,459,315

(d) According to the State-owned Land Use Right Grant Contract, leasehold land with carrying amount of RMB599,148,000 (2012: RMB641,600,000) located in the PRC of Chengdu Tianfu OCT Industry Development Company Limited ("Chengdu OCT") as at 31 December 2013 is non-transferable.

Notes to the Financial Statements

For the year ended 31 December 2013

13. FIXED ASSETS *(continued)*

(e) Investment property

The Group leases out investment property. The leases typically run for an initial period of 1 to 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. In respect of most of the lessees entered or would enter into a new lease for the same or an equivalent asset with the Group, the directors of the Company are of the opinion that operating lease contracts under investment properties are cancellable, and no future minimum lease payments under non-cancellable operating leases were disclosed.

14. INTANGIBLE ASSETS

	The Group Software and copyright RMB'000
Cost:	
At 1 January 2012	276
Additions	36
Arising on business combination	256
At 31 December 2012 and 1 January 2013	568
Additions	302
At 31 December 2013	870
Accumulated amortisation:	
At 1 January 2012	55
Charge for the year	103
At 31 December 2012 and 1 January 2013	158
Charge for the year	226
At 31 December 2013	384
Carrying amount:	
At 31 December 2013	486
At 31 December 2012	410

Notes to the Financial Statements

For the year ended 31 December 2013

15. GOODWILL

	The Group RMB'000
Cost and carrying amount:	
At 1 January 2012	266,625
Arising on business combination	570
At 31 December 2012, 1 January 2013 and 31 December 2013	267,195

Impairment test for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the operating segment as follows:

	2013 RMB'000	2012 RMB'000
Paper packaging business		
Shanghai	**1,012**	1,012
Shenzhen and Huizhou	**23,925**	23,925
Comprehensive development business		
Chengdu	**241,688**	241,688
Shanghai	**570**	570
	267,195	267,195

Notes to the Financial Statements

For the year ended 31 December 2013

15. GOODWILL *(continued)*

Impairment test for cash-generating units containing goodwill *(continued)*

The recoverable amounts of the CGUs above are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the period are extrapolated using an estimated weighted average growth rate, which and the discount rates are presented as below. The estimated weighted average growth rate is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the businesses in which the CGU operates. The discount rates used are after-tax and reflect specific risks relating to the relevant segments.

	Discount rate		Terminal value growth rate	
	2013	2012	**2013**	2012
	%	%	**%**	%
Manufacturing				
Shanghai, Shenzhen and Huizhou	**10.00**	10.00	**5.00**	5.00
Comprehensive development business				
Chengdu	**13.54**	13.54	**5.00**	5.00
Shanghai	**10.00**	10.00	**5.00**	5.00

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	RMB'000	RMB'000
Unlisted investments, at cost	**413,720**	406,977

Particulars of the subsidiaries as at 31 December 2013 are as follows:

Name of company	Place of incorporation/ establishment and operation	Particular of registered and issued capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities
深圳華力包裝貿易有限公司 (Shenzhen Huali Packing & Trading. Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$180,000,000	–	100%	Manufacture and sale of paper boxes and products
上海華勵包裝有限公司 (Shanghai Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of RMB125,000,000	–	100%	Manufacture and sale of paper boxes and products
中山華力包裝有限公司 (Zhongshan Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$88,000,000	–	100%	Manufacture and sale of paper boxes and products

Notes to the Financial Statements

For the year ended 31 December 2013

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of registered and issued capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
中山華勵包裝有限公司 (Zhongshan Huali Packing Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$5,000,000	–	100%	Manufacture and sale of paper boxes and products
安徽華力包裝有限公司 (Anhui Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$40,000,000	–	100%	Manufacture and sale of paper boxes and products
深圳華友包裝有限公司 (Shenzhen Huayou Packaging Co., Ltd.") *(note (ii) & (iii))*	PRC	Paid-up capital of RMB3,000,000	–	100%	Manufacture and sale of paper boxes and products
惠州華力包裝有限公司 (Huizhou Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$168,000,000	–	100%	Manufacture and sale of paper boxes and products
華勵包裝(惠州)有限公司 (Huali Packaging (Huizhou) Co., Ltd.) *(note (i))*	PRC	Paid-up capital of HK$68,000,000	–	100%	Manufacture and sale of paper boxes and products
Max Surplus Limited	British Virgin Islands ("BVI")	1 share of US$1 each	100%	–	Investment holding
Forever Galaxies Limited	BVI	1 share of US$1 each	100%	–	Investment holding
Fortune Crown International Limited	BVI	1 share of US$1 each	–	100%	Investment holding
Miracle Stone Development Limited	BVI	1 share of US$1 each	–	100%	Investment holding
Grand Signal Limited	BVI	1 share of US$1 each	–	100%	Investment holding
Huali Holdings Company Limited	Hong Kong	1,000,000 shares of HK$1 each	–	100%	Trading
OCT Investments Limited	BVI	100 shares of US$1 each	100%	–	Investment holding
Power Shiny Development Limited	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Bantix International Limited	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Wantex Investment Limited	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Barwin Development Limited	Hong Kong	1 share of HK$1 each	–	100%	Investment holding

Notes to the Financial Statements

For the year ended 31 December 2013

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of registered and issued capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
Excel Founder Limited ("Excel Founder")	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Hanmax Investment Limited	Hong Kong	100 shares of HK$1 each	–	100%	Investment holding
Great Tec Investment Limited ("Great Tec")	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Verdant Forever Limited	BVI	1 share of US$1 each	100%	–	Investment holding
Regal China Enterprises Limited *(note (v))*	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
成都天府華僑城萬匯商城管理有限公司 (Chengdu Tianfu OCT Wanhui Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城公園廣場管理有限公司 (Chengdu Tianfu OCT Park Plaza Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城創展商業管理有限公司 (Chengdu Tianfu OCT Chuangzhan Business District Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城商業廣場區管理有限公司 (Chengdu Tianfu OCT Commercial Plaza Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城大劇院管理有限公司 (Chengdu Tianfu OCT Theater Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Venue rental, management of entertainment project
成都天府華僑城湖濱商業管理有限公司 (Chengdu Tianfu OCT Lakeside Business Management Co. Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城純水岸商業管理有限公司 (Chengdu Tianfu OCT Riverside Business Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城都市娛樂有限公司 (Chengdu Tianfu OCT Urban Entertainment Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project

Notes to the Financial Statements
For the year ended 31 December 2013

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of registered and issued capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
成都天府華僑城酒店管理有限公司 (Chengdu Tianfu OCT Hotel Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Hotel management of entertainment project
Chengdu OCT *(note (iv))*	PRC	Paid-up capital of RMB612,000,000	–	51%	Tourism and real estate development
深圳市華京投資有限公司 (Shenzhen Huajing Investment Limited) *(note (iii))*	PRC	Paid-up capital of RMB1,000,000	–	100%	Investment holding and real estate development
OCT Shanghai Land *(note (iv))*	PRC	Paid-up capital of RMB3,030,000,000	–	51%	Real estate development
天津天瀟投資發展有限公司 (Tianjin Tianxiao Investment Development Company Limited) ("Tianjin Tianxiao") *(note (i) & (ii))*	PRC	Paid-up capital of RMB513,090,278	–	100%	Real estate development
蘇州華力環保包裝科技有限公司 (Suzhou Huali Environmental Packaging Technology Co., Ltd") *(note (i), (ii) & (v))*	PRC	Paid-up capital of US$4,256,842	–	100%	Not yet commence business

Notes:

(i) These companies are wholly foreign-owned enterprises established in the PRC.

(ii) The English translation of the above subsidiaries' names is for reference only. The official name of these companies is in Chinese.

(iii) These companies are limited companies established in the PRC.

(iv) The company is a sino-foreign joint venture with limited liability established in the PRC.

(v) These companies were incorporated as wholly owned subsidiaries during the year.

Notes to the Financial Statements

For the year ended 31 December 2013

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Chengdu OCT		OCT Shanghai Land	
	2013	2012	**2013**	2012
Principal place of business	PRC		PRC	
% of ownership interests/voting rights held by NCI	**49%/49%**	49%/49%	**49.5%/49.5%**	49.5%/49.5%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**2,543,353**	2,446,593	**6,522**	6,198
Current assets	**2,404,279**	2,336,309	**11,382,401**	11,326,621
Non-current liabilities	**(300,000)**	(844,590)	**(5,209,700)**	(3,461,000)
Current liabilities	**(2,867,853)**	(2,364,514)	**(1,852,001)**	(3,982,563)
Net assets	**1,779,779**	1,573,798	**4,327,222**	3,889,256
Accumulated NCI	**887,062**	795,166	**2,479,715**	2,285,341
Year ended 31 December:				
Revenue	**1,604,273**	1,983,550	**1,674,705**	640,482
Profit	**269,177**	256,973	**437,967**	218,199
Total comprehensive income	**269,177**	256,973	**437,967**	218,199
Profit allocated to NCI	**126,118**	116,124	**194,374**	98,098
Dividends paid to NCI	**32,193**	21,991	**–**	–
Net cash generated from operating activities	**755,807**	775,645	**852,541**	125,273
Net cash used in investing activities	**(154,010)**	(194,593)	**(1,547)**	(1,503)
Net cash (used in)/generated from financing activities	**(309,605)**	(428,609)	**(907,143)**	238,727
Effect of foreign exchange rate changes	**–**	(151)	**–**	3,461
Net increase/(decrease) in cash and cash equivalents	**292,192**	152,292	**(56,149)**	365,958

Notes to the Financial Statements

For the year ended 31 December 2013

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

As at 31 December 2013, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to RMB1,519,579,000 (2012: RMB1,093,144,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

17. INTERESTS IN ASSOCIATES

	The Group	
	2013	2012
	RMB'000	RMB'000
Unlisted investments, share of net assets	**186,299**	120,621

Details of the Group's associates at 31 December 2013 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities
西安華僑城投資有限公司 (Xi'an OCT Investment Ltd.) ("Xi'an OCT")	Incorporated	PRC	RMB200,000,000	–	25%	Property investment and property development for sale or lease
北京廣盈房地產開發有限公司 (Beijing Guangying Residential Property Development Limited) ("Beijing Guangying")	Incorporated	PRC	RMB15,151,600	–	33%	Property management, interior design and construction, property development, leasing of commercial premises and project investment

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Notes to the Financial Statements

For the year ended 31 December 2013

17. INTERESTS IN ASSOCIATES *(continued)*

Name	Xi'an OCT		Beijing Guangying		
	2013	2012	**2013**		
Principal place of business	PRC		PRC		
Principal activities	Property investment and property development for sale or lease		Property management, interior design and construction, property development, leasing of commercial premises and project investment		
% of ownership interests/voting rights held by the Group	**25%/25%**	25%/25%	**33%/33%**		
			Carrying amount	**Fair value adjustments**	**Financial information of the associate used for equity method**
	RMB'000	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 31 December:					
Non-current assets	**17,132**	1,897	**264**	**–**	**264**
Current assets	**1,291,876**	828,615	**3,140,874**	**121,840**	**3,262,714**
Non-current liabilities	**–**	–	**–**	**(30,460)**	**(30,460)**
Current liabilities	**(720,771)**	(348,027)	**(3,113,610)**	**–**	**(3,113,610)**
Net assets	**588,237**	482,485	**27,528**		**118,908**
Group's share of net assets	**147,059**	120,621	**9,084**		**39,240**
Group's share of carrying amount of interests	**147,059**	120,621	**9,084**		**39,240**
Year ended 31 December:					
Revenue	**524,115**	842,595	**–**		**–**
Profit/(loss) from continuing operations	**105,752**	158,749	**(24,613)**		**(24,613)**
Other comprehensive income	**–**	–	**–**		**–**
Total comprehensive income	**105,752**	158,749	**(24,613)**		**(24,613)**
Dividends received from associates	**–**	–	**–**		**–**
Group's share of profit/(loss)	**26,438**	39,687	**(8,122)**		**(8,122)**

Notes to the Financial Statements

For the year ended 31 December 2013

17. INTERESTS IN ASSOCIATES *(continued)*

As at 31 December 2013, the bank and cash balances of the Group' associates in the PRC denominated in RMB amounted to RMB436,929,000 (2012: RMB292,509,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

18. OTHER FINANCIAL ASSETS

	2013 RMB'000	2012 RMB'000
Unlisted equity securities, at cost		
– in the PRC	**4,320**	4,320

Unlisted equity securities was stated at cost as they do not have a quoted market price in active market and whose fair value cannot be reliably measured was at the end of each reporting period.

19. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group	
	2013 RMB'000	2012 RMB'000
Paper package business		
Raw materials	**63,930**	68,508
Work-in-progress	**1,543**	1,156
Finished goods	**19,043**	11,443
	84,516	81,107
Comprehensive development business		
Properties held for future development and under development for sale	**13,893,980**	13,436,277
Completed properties held for sale	**586,571**	675,906
Comprehensive development business	**255**	4,914
	14,480,806	14,117,097
	14,565,322	14,198,204

Notes to the Financial Statements

For the year ended 31 December 2013

19. INVENTORIES *(continued)*

(b) The analysis of carrying value of leasehold land included in properties held for future development and under development for sale and completed properties held for sale are set out as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
In the PRC		
– long leases	**10,595,428**	10,257,700
– medium-term leases	**29,454**	29,454
	10,624,882	10,287,154

(c) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Carrying amount of inventories sold	**2,266,093**	2,011,208
Write down of inventories	**401**	615
Reversal of write-down of inventories	**(1,343)**	(248)
	2,265,151	2,011,575

The reversal of write-down of inventories made in prior years arose due to an increase of the estimated net realisable value of certain goods as a result of a change in consumer preferences.

The amount of properties for future development and under development expected to be recovered after more than one year is RMB570,781,000 (2012: RMB460,769,000). All of the other inventories are expected to be recovered within one year.

Notes to the Financial Statements

For the year ended 31 December 2013

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables and bills receivable:				
Amount due from an intermediate parent *(note 33(b))*	**2**	–	**–**	–
Amounts due from fellow subsidiaries *(note 33(b))*	**17,352**	38,736	**–**	–
Amounts due from third parties	**266,003**	266,238	**–**	–
Less: allowance for doubtful debts	**(9,100)**	(7,919)	**–**	–
	274,257	297,055	**–**	–
Prepayments, deposits and other receivables:				
Amounts due from subsidiaries	**–**	–	**3,763,391**	3,049,305
Amounts due from fellow subsidiaries *(note 33(b))*	**2,878**	530	**–**	–
Amount due from an associate *(note 33(b))*	**886,993**	–	**–**	–
Amounts due from third parties	**49,218**	102,429	**2,755**	101
	939,089	102,959	**3,766,146**	3,049,406
Prepayment for land cost	**335,830**	870,200	**–**	–
	1,549,176	1,270,214	**3,766,146**	3,049,406

The amounts due from intermediate parents and fellow subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Apart from rental deposits of RMB15,706,000 (2012: RMB13,238,000) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts, are expected to be recovered within one year.

Notes to the Financial Statements

For the year ended 31 December 2013

20. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period.

	The Group	
	2013	2012
	RMB'000	RMB'000
Current	**261,068**	264,140
Less than 3 months past due	**8,681**	32,912
More than 3 months but less than 12 months past due	**273**	3
More than 12 months past due	**4,235**	–
Amount past due	**13,189**	32,915
	274,257	297,055

Further details on the Group's credit policy are set out in note 30(a) to the financial statements.

(b) Allowance for doubtful debts of trade receivables

Allowance for doubtful debts in respect of trade and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the doubtful debt is written off against trade and bills receivable directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
At 1 January	**7,919**	8,232
Allowance for the year	**2,005**	849
Reversal of allowance	**(824)**	(1,162)
At 31 December	**9,100**	7,919

At 31 December 2013, Nil (2012: Nil) of the Group's trade receivables were individually determined to be impaired. Consequently, no (2012: Nil) specific allowances for doubtful debts was recognised.

(c) Trade receivable and bills receivable that are not impaired

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Notes to the Financial Statements

For the year ended 31 December 2013

21. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at banks and in hand	**1,711,357**	1,525,861	**144,726**	78,389

(b) Reconciliation of profit before tax to cash generated from operations:

	Note	**2013** **RMB'000**	2012 RMB'000
Profit before tax		**1,002,128**	738,068
Adjustments for:			
Depreciation and amortisation	7(c)	**183,307**	169,985
Interest income	6(a)	**(20,108)**	(13,988)
Net gain on disposal of fixed assets	6(b)	**(259)**	(181)
Interest expense	7(a)	**159,042**	102,623
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate		**(5,822)**	–
Share of profit and losses of associates		**(18,316)**	(39,687)
Equity-settled share-based payment expenses	26	**7,828**	10,946
Changes in working capital:		**1,307,800**	967,766
Decrease in inventories		**37,437**	170,544
(Increase)/decrease in trade and other receivables		**(278,962)**	1,233,451
Increase/(decrease) in receipts in advance		**352,340**	(135,004)
Decrease in trade and other payables		**(397,230)**	(905,647)
Cash generated from operations		**1,021,385**	1,331,110

Notes to the Financial Statements
For the year ended 31 December 2013

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables and bills payable: *(note 22(a))*				
Amounts due to fellow subsidiaries *(note 33(b))*	**20,770**	–	**–**	–
Amounts due to third parties	**927,013**	1,294,722	**–**	–
	947,783	1,294,722	**–**	–
Other payables and accruals:				
Amounts due to intermediate parents *(note 33(b))*	**130,114**	–	**31,367**	–
Amounts due to subsidiaries *(note 33(b))*	**–**	–	**193,069**	222,427
Amounts due to fellow subsidiaries *(note 33(b))*	**2,096**	50,043	**–**	–
Amounts due to third parties	**1,971,777**	2,300,715	**43,458**	8,880
	3,051,770	3,645,480	**267,894**	231,307

(a) The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 30 to the financial statements.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	The Group	
	2013	2012
	RMB'000	RMB'000
Due within 3 months or on demand	**947,783**	1,294,722

(b) Chengdu OCT received advances amounting to RMB550,000,000 for construction of infrastructure facilities in previous years. As at 31 December 2013, the balance of the advances received deducting the carrying amount of the related infrastructure facilities was RMB207,900,000 (2012: RMB219,409,000), which was included in other payables.

Notes to the Financial Statements

For the year ended 31 December 2013

23. RECEIPTS IN ADVANCE

	The Group	
	2013 RMB'000	2012 RMB'000
Pre-sale of properties	**815,227**	464,713
Others	**1,885**	1,320
	817,112	466,033

24. BORROWINGS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Current liabilities				
Current portion of bank loans	**188,295**	121,407	**185,150**	117,082
Non-current portion of bank loans repayable on demand	**20,404**	31,895	**20,404**	28,651
Loans from related parties *(note 33(b))*	**671,000**	3,325,590	**–**	–
	879,699	3,478,892	**205,554**	145,733
Non-current liabilities				
Bank loans	**952,481**	964,972	**952,481**	964,972
Loans from related parties *(note 33(b))*	**8,238,876**	6,140,331	**1,017,930**	900,000
	9,191,357	7,105,303	**1,970,411**	1,864,972

Notes to the Financial Statements
For the year ended 31 December 2013

24. BORROWINGS *(continued)*

At 31 December, the borrowings were repayable as follows:

Bank loans

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 1 year or on demand	188,295	121,407	185,150	117,082
After 1 year but within 2 years	258,473	169,748	258,473	166,505
After 2 years but within 5 years	714,412	827,119	714,412	827,118
	972,885	996,867	972,885	993,623
	1,161,180	1,118,274	1,158,035	1,110,705

Related party loans

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 1 year or on demand	671,000	3,325,590	–	–
After 1 year but within 2 years	1,211,246	3,461,000	–	–
After 2 years but within 5 years	7,027,630	2,679,331	1,071,930	900,000
	8,238,876	6,140,331	1,071,930	900,000
	8,909,876	9,465,921	1,071,930	900,000

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
RMB	7,998,630	7,397,410	900,000	900,000
Hong Kong dollars	1,967,925	3,079,051	1,275,965	1,110,705
US dollars	104,501	107,734	–	–
	10,071,056	10,584,195	2,175,965	2,010,705

Notes to the Financial Statements
For the year ended 31 December 2013

24. BORROWINGS *(continued)*

The average interest rates at 31 December were as follows:

	2013	2012
Bank loans	**1 month HIBOR* + 1.2% to 1 month HIBOR* + 3.8%**	1 month HIBOR* + 1.2% to 1 month HIBOR* + 3.8%
Related party loans	**3.62% to 6.55%**	3.62% to 6.56%

* Hong Kong Interbank Offer Rate

Related party loans are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The bank loans of the Group at 31 December 2013 were secured by charge on two bank accounts of a subsidiary of the Company, guarantees provided by the Company and certain subsidiaries of the Company and the guarantee issued by the Government of the Hong Kong Special Administrative Region. Except for the above, the Group and the Company did not have secured or guaranteed bank loans at 31 December 2013.

All of the Group's banking facilities are subject to the fulfillment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 30(b) to the financial statements.

25. EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Zhongshan, Huizhou, Shanghai, Anhui and Chengdu where the Group is required to make contributions to the Schemes at a rate ranging from 11% to 22% (2012: 11% to 22%) of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a mandatory provident fund scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The Group's contribution to the MPF scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,250 and vest fully with employees when contributed into the MPF Scheme.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

Notes to the Financial Statements
For the year ended 31 December 2013

26. EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Share options granted on 7 February 2006

On 7 February 2006, 5,400,000 and 13,900,000 share options were granted to directors and employees of the Company respectively under the Company's share option scheme. Each option gives the holder the right to subscribe for one ordinary share of HK$0.1 each of the Company which will be settled by physical delivery of shares. These share options vested immediately from the date of grant, and then be exercisable within a period of ten years. The exercise price is HK$1.41.

This share option scheme was terminated and a new share option scheme was adopted on 15 February 2011. The remaining outstanding 720,000 options granted under the original scheme continue to be valid and exercised during the year ended 31 December 2012.

(b) Share options granted on 3 March 2011

The Company operates a new share option scheme (the "Scheme") for the purpose of providing appropriate incentives and rewards to eligible participants for their contributions or potential contributions to the Group. Eligible participants include the full-time and part-time employees, directors, consultants and advisers of the Group. The Scheme adopted by the Company on 15 February 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

Notes to the Financial Statements
For the year ended 31 December 2013

26. EQUITY SETTLED SHARE-BASED TRANSACTION *(continued)*

(b) Share options granted on 3 March 2011 *(continued)*

The exercise price of the share options is determinable by the directors, but shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's quotation sheet on the date of the offer of the share options; (ii) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Options are forfeited if the employee ceases to be an employee of the Group.

On 3 March 2011, 2,700,000 and 27,400,000 share options were granted to directors and employees of the Group respectively under the Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK$0.1 each of the Company which will be settled by physical delivery of shares. The share options shall be exercisable during a period of 5 years from the date of acceptance of the offer of the grant up to 5 years from the date of grant subject to the following vesting terms.

Maximum percentage of share options exercisable including the percentage of share options previously exercised	Period for exercise of the relevant percentage of the share options
30%	at any time after the expiry of 2 years from the date of grant up to 3 years from the date of grant
60%	at any time after the expiry of 3 years from the date of grant up to 4 years from the date of grant
100%	at any time after the expiry of 4 years from the date of grant up to 5 years from the date of grant

The exercise price of the options granted on 3 March 2011 is HK$4.04.

Notes to the Financial Statements

For the year ended 31 December 2013

26. EQUITY SETTLED SHARE-BASED TRANSACTION *(continued)*

(b) Share options granted on 3 March 2011 *(continued)*

The number and weighted average exercise prices of share options are follows:

	2013		2012	
	Weighted average exercise price per share HK$	Number of options '000	Weighted average exercise price per share HK$	Number of options '000
Outstanding at the beginning of the year	4.04	30,100	3.96	30,820
Exercised during the year	–	–	1.41	(720)
Lapsed during the year	4.04	(400)	–	–
Outstanding at the end of the year	4.04	29,700	4.04	30,100
Exercisable at the end of the year	4.04	8,910	4.04	–

The fair value of services received in return for share options granted above are measured by reference to the fair value of share options granted. The estimate of the fair value of the service received is measured based on Black-Scholes option pricing model.

Inputs for measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plan on 3 March 2011.

Expected vesting date	3 March 2013	3 March 2014	3 March 2015
Fair value at grant date	1.04	1.51	1.71
Share price at grant date	4.04	4.04	4.04
Exercise price	4.04	4.04	4.04
Expected volatility	46.76%	56.81%	55.71%
Option life	2 years	3 years	4 years
Expected dividends	0.74%	0.74%	0.74%
Risk-free interest rate	0.69%	1.06%	1.51%

Expected volatility is estimated taking into account historic average share price volatility. Expected dividends are based on management's best estimation. The risk-free rate is referenced to the yields of Hong Kong Exchange Fund Notes. Changes in the subjective input assumptions could materially affect the fair value estimate. There was no market conditions associated with the share option granted on 3 March 2011.

The total expense recognised for the year ended 31 December 2012 and 2013 arising from the share option granted on 3 March 2011 was RMB10,946,000 and RMB7,828,000 respectively.

Notes to the Financial Statements

For the year ended 31 December 2013

27. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and (liabilities) recognised:

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accounting depreciation in excess of depreciation allowances	Provisions	Accrued expenses	Unrealised profit	Tax losses	Receipts in advance of pre-sale of properties	Undistributed profits of subsidiaries and associates	Fair value adjustment of inventories	Capitalisation of interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:										
At 1 January 2012	2,423	3,138	61,140	393	2,159	14,900	(10,224)	(42,298)	11,608	43,239
Arising on business combination	–	–	–	–	17,593	–	–	(249,206)	–	(231,613)
(Charged)/credited to profit or loss	(446)	475	15,931	500	(17,381)	(4,491)	(11,310)	18,022	(10,652)	(9,352)
At 31 December 2012	1,977	3,613	77,071	893	2,371	10,409	(21,534)	(273,482)	956	(197,726)
Deferred tax arising from:										
At 1 January 2013	1,977	3,613	77,071	893	2,371	10,409	(21,534)	(273,482)	956	(197,726)
(Charged)/credited to profit or loss	(210)	1,523	(615)	(536)	3,165	14,918	–	21,172	(956)	38,461
Exchange adjustment	–	–	–	–	–	–	302	–	–	302
At 31 December 2013	1,767	5,136	76,456	357	5,536	25,327	(21,232)	(252,310)	–	(158,963)

(ii) Reconciliation to the consolidated statement of financial position

	2013	2012
	RMB'000	RMB'000
Net deferred tax asset recognised in the statement of financial position	114,579	97,290
Net deferred tax liability recognised in the statement of financial position	(273,542)	(295,016)
	(158,963)	(197,726)

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 3(v) to the financial statements, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB8,336,000 (2012: RMB8,336,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Among the RMB8,336,000 (2012: RMB8,336,000), RMBNil (2012: RMB410,000) will expire progressively in five years. The remaining tax losses do not expire under current tax regulations.

Notes to the Financial Statements

For the year ended 31 December 2013

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2012		988,380	248,970	9,543	44,804	1,291,697
Shares issued under share option scheme		937	–	(171)	–	766
Equity settled share-based transactions	26(b)	–	–	10,946	–	10,946
Loss for the year		–	–	–	(28,551)	(28,551)
Dividend approved and paid in respect of the previous year	28(b)	–	–	–	(30,338)	(30,338)
At 31 December 2012		989,317	248,970	20,318	(14,085)	1,244,520
At 1 January 2013		**989,317**	**248,970**	**20,318**	**(14,085)**	**1,244,520**
Issue of convertible preference shares	28(c)	**299,007**	**–**	**–**	**–**	**299,007**
Issue of ordinary shares	28(c)	**439,793**	**–**	**–**	**–**	**439,793**
Transfer		**(240,000)**	**–**	**–**	**240,000**	**–**
Equity settled share-based transactions	26(b)	**–**	**–**	**7,828**	**–**	**7,828**
Loss for the year		**–**	**–**	**–**	**(145,005)**	**(145,005)**
Dividend approved and paid in respect of the previous year	28(b)	**–**	**–**	**–**	**(32,488)**	**(32,488)**
At 31 December 2013		**1,488,117**	**248,970**	**28,146**	**48,422**	**1,813,655**

Notes to the Financial Statements

For the year ended 31 December 2013

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

(i) Dividends payable to owners of the Company attributable to the year

	2013 RMB'000	2012 RMB'000
Final dividend proposed after the end of the reporting period of HK8.00 cents per ordinary share (equivalent RMB6.29 cents per ordinary share) (2012: HK8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share))	**40,869**	32,488
Final dividend proposed after the end of the reporting period of HK8.932192 cents per convertible preference share (equivalent RMB7.02 cents per convertible preference share) (2012: HK$Nil per convertible preference share (equivalent RMBNil per convertible preference share))	**6,742**	–
	47,611	32,488

(ii) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	2013 RMB'000	2012 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share) (2012: HK7.30 cents per ordinary share (equivalent RMB5.93 cents per ordinary share))	**32,488**	30,338

Notes to the Financial Statements

For the year ended 31 December 2013

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Share capital

Authorised and issued share capital

Authorised:

	2013			2012		
	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000
At 1 January	–	2,000,000	200,000	–	2,000,000	200,000
Increase *(note (1))*	96,000	–	9,600	–	–	–
At 31 December	96,000	2,000,000	209,600	–	2,000,000	200,000

Issued and fully paid:

	2013			2012		
	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000
At 1 January	–	509,790	48,332	–	509,070	48,274
Issue of convertible preference shares *(note (2))*	96,000	–	7,648	–	–	–
Issue of ordinary shares *(note (3))*	–	140,000	11,154	–	–	–
Shares issued under share option scheme *(note (4))*	–	–	–	–	720	58
At 31 December	96,000	649,790	67,134	–	509,790	48,332

Notes to the Financial Statements

For the year ended 31 December 2013

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Share capital *(continued)*

Authorised and issued share capital *(continued)*

Note:

(1) By an ordinary resolution passed in the special general meeting held on 19 July 2013 the authorised share capital of the Company was increased from HK$200,000,000 to HK$209,600,000 by the creation of 96,000,000 convertible preference shares of HK$0.1 each ("CPS"), such new shares are non-voting shares and shall not carry any right or preference save as set out herein the Articles of Association of the Company.

According to the terms of the CPS, the CPS shall be non-redeemable, each CPS holder is entitled to a preferential dividend at a rate of 5 per cent per annum on HK$4.05, being the price at which each CPS would be initially issued ("the Preferential Dividend") pari passu with other shares ranking pari passu as regards income with the CPS but otherwise in priority to any other class of shares in the capital of the Company from time to time in issue (including the ordinary shares of the Company). The board of directors of the Company may, in its sole discretion, elect not to pay any Preferential Dividend in any given year. In the event that the Company elects not pay the Preferential Dividend in any given year, the Preferential Dividend not paid shall be extinguished and not be carried forward. The CPS shall not entitle the shareholders of the CPS thereof to any further or other right of participation in the profits of the Company.

During the period of existence of the CPS, subject to some conversion restriction, each holder of the CPS shall have the right to convert all or part of any CPSs into new ordinary shares at any time at the initial conversion price of HK$4.05 per CPS.

The CPSs are recognised as equity.

(2) On 6 June 2013, the Company entered three subscription agreements with three independent third parties in relation to subscription of 40,000,000 CPS, 40,000,000 CPS and 16,000,000 CPS respectively at a price of HK$4.05 per CPS. The subscription was completed on 24 July 2013 and the premium on the issue of the CPS, amounting to approximately HK$379,200,000 (approximately RMB302,109,000), net of share issue expenses of HK$3,893,000 (approximately RMB3,102,000), was credited to the Company's share premium account.

(3) On 6 June 2013, the Company entered a subscription agreement with Overseas Chinese Town (HK) Company Limited, an intermediate parent of the Company, in relation to subscribe 140,000,000 ordinary shares of HK$0.1 each of the Company at a price of HK$4.05 per ordinary share. The subscription was completed on 26 July 2013 and the premium on the issue of the ordinary shares, amounting to approximately HK$553,000,000 (approximately RMB440,575,000), net of share issue expenses of HK$982,000 (approximately RMB782,000), was credited to the Company's share premium account.

(4) Shares issued under share option scheme

On 16 April 2012, 720,000 share options of the Company at par value of HK$0.1 were exercised at exercise price of HK$1.41 per share. The excess of the exercise price over the par value of the shares issued has been credited to the share premium account of the Company.

Notes to the Financial Statements
For the year ended 31 December 2013

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Nature and purpose of reserves

(i) Share premium and contributed surplus

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company.

(ii) Merger reserve

Merger reserve arose from the recognition of the remaining goodwill arising on the original acquisition of the subsidiaries as recorded in the controlling party's financial statements in these financial statements.

(iii) Capital reserve

Capital reserve comprises the following:

- difference between the total amount of registered capital and the amount of contributions from the owners of a subsidiary; and
- the portion of the grant date fair value of unexercised share options granted to employees, directors and consultants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3(s) to the financial statements.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d) to the financial statements.

(v) General reserve fund

Transfers from retained earnings to general reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to the owners.

General reserve fund can be used to make good previous years' losses, if any, and may be converted into paid up capital provided that the balance of the general reserve fund after such conversion is not less than 25% of the registered capital.

Notes to the Financial Statements

For the year ended 31 December 2013

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

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

(vi) Enterprise expansion fund

The subsidiaries in the PRC are required to transfer a certain percentage of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the enterprise expansion fund. The percentage of this appropriation is decided by the directors of the subsidiaries.

The enterprise expansion fund can be used for the subsidiaries' business development purposes and for working capital purposes. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distribution of dividends to the owners.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

The Group monitors its capital structure on the basis of an adjusted net debt to capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2013, the Group's strategy, which was unchanged from 2012 was to maintain the adjusted net debt-to-capital ratio at a level of industry average. In order to maintain or adjust the ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Notes to the Financial Statements

For the year ended 31 December 2013

29. ACQUISITION OF SUBSIDIARIES

(a) On 5 January 2012, Great Tec, an indirect wholly-owned subsidiary of the Company, entered into the conditional capital investment agreement ("Capital Investment Agreement") with Overseas Chinese Town Real Estate Company Limited ("OCT Properties"), pursuant to which Great Tec conditionally agreed to make capital injection of RMB2,232,000,000 to OCT Shanghai Land ("Capital Injection"). Upon completion of the capital investment, the registered capital of OCT Shanghai Land would be RMB3,030,000,000 and the equity interest of OCT Shanghai Land would be owned as to 50.5% by Great Tec and as to 49.5% by OCT Properties. The capital injection shall be contributed by Great Tec by phases within 2 years from the date of the approval of the joint venture contract. Prior to completion of the Capital Injection, dividend declared by OCT Shanghai Land shall be distributed between Great Tec and OCT Properties in the ratio of (i) actual amount contributed to OCT Shanghai Land by Great Tec and OCT Properties at the relevant balance sheet date at which the dividend is related to, to (ii) the mutually agreed net assets value of RMB2,188,000,000 as at 31 December 2011 of OCT Shanghai Land prior to the Capital Injection.

On 20 June 2012, the Capital Investment Agreement became binding and unconditional after the capital injection was approved by the independent shareholders of the Company at the extraordinary general meeting held on 12 April 2012 and the Group obtained all the necessary approvals from the PRC government authorities for the Capital Injection. Consequently, OCT Shanghai Land has become an indirect non-wholly owned subsidiary of the Company.

Consideration

	RMB'000
Cash	2,232,000

Notes to the Financial Statements

For the year ended 31 December 2013

29. ACQUISITION OF SUBSIDIARIES *(continued)*

(a) The acquisition has the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognised values on acquisition RMB'000
Fixed assets	4,098	–	4,098
Intangible assets	256	–	256
Deferred tax assets	17,593	–	17,593
Inventories	10,505,177	996,823	11,502,000
Trade receivable and other receivable	1,333,410	–	1,333,410
Cash and cash equivalents	79,454	–	79,454
Trade payables and other payables	(856,933)	–	(856,933)
Loans and borrowings	(7,412,000)	–	(7,412,000)
Deferred tax liabilities	–	(249,206)	(249,206)
Net identifiable assets and liabilities of OCT Shanghai Land	3,671,055	747,617	4,418,672
Goodwill			
Total consideration			2,232,000
Net identifiable assets and liabilities attributable to the Group			2,231,430
Goodwill on the acquisition			570
Satisfied by:			
Cash			2,232,000
Net cash outflow from arising on acquisition:			
Cash consideration paid			(2,232,000)
Cash and cash equivalents acquired			79,454
			(2,152,546)

Notes to the Financial Statements

For the year ended 31 December 2013

29. ACQUISITION OF SUBSIDIARIES *(continued)*

(a) Pre-acquisition carrying amounts were determined based on applicable HKFRS immediately before the acquisition. The value of assets and liabilities recognised on acquisition are their fair values measured as follows: for the identifiable assets with an active market, the fair value was measured according to its market price; for the identifiable assets without an active market, the fair value was measured based on the market price of the same or similar kind of assets; if no active market exists for the same or similar assets, the fair value was measured by appraisal technique.

Goodwill is generated as a result of difference between the fair value of the net assets acquired and consideration.

Included in turnover and profit of the Group for the year ended 31 December 2012 was turnover of RMB640,482,000 and profit of RMB198,176,000 attributable to the business generated by OCT Shanghai Land since it was acquired by the Group in June 2012. Had this business combination been effected at the beginning of that period, the turnover of the Group would not have been affected and the profit for that year would have been decreased by RMB6,738,000.

(b) On 2 November 2012, Excel Founder, an indirectly wholly-owned subsidiary of the Company, entered into an agreement with 天津津濱發展股份有限公司 (Tianjin Jinbin Development Company Limited) (the "Vendor"), pursuant to which Excel Founder conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the entire equity interest in Tianjin Tianxiao and all rights attached thereto for the consideration of RMB384,995,400 (the "Agreement").

A supplemental agreement was also entered into between Excel Founder and the Vendor on 2 November 2012, setting out further arrangement concerning a piece of land owned by Tianjin Tianxiao and the financial position of Tianjin Tianxiao (the "Supplemental Agreement").

On 27 December 2012, the Agreement and Supplemental Agreement became binding and unconditional after the acquisition was approved by the shareholders of the Company at the extraordinary general meeting held on 11 December 2012 and the Group obtained all the necessary approvals from the PRC government authorities for the acquisition. Consequently, Tianjin Tianxiao has become an indirect wholly owned subsidiary of the Company.

Notes to the Financial Statements

For the year ended 31 December 2013

29. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) The principal asset held by Tianjin Tianxiao is a piece of land. Since Tianjin Tianxiao has not started its operation since its incorporation, the directors are of the opinion that the acquisition of Tianjin Tianxiao is in substance acquisition of assets, instead of an acquisition of business, and therefore is excluded from the scope of HKFRS 3. As a consequence, the acquisition did not give rise to goodwill. The purchase consideration was allocated to the individual identifiable assets acquired and liabilities assumed on the basis of their relative fair values at the acquisition date as follows:

	RMB'000
Cash and cash equivalents	551,363
Prepayment	870,200
Inventories	552,834
Other payables	(1,589,402)
Consideration	384,995
Cash payable under other payables	(185,811)
Cash consideration paid	199,184
Net cash inflow arising on acquisition:	
Cash consideration paid	(199,184)
Cash and cash equivalents acquired	551,363
	352,179

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

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

(a) Credit risk

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

In respect of receivables of mortgage sales, no credit terms will be granted to the purchasers. In addition, the Group did not provide any guarantee to the banks to secure repayment obligations of such purchasers. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60-120 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Notes to the Financial Statements

For the year ended 31 December 2013

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(a) Credit risk *(continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 1% (2012: 0%) and 1% (2012: 7%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

Except for the financial guarantees given by the Group as set out in note 32 to the financial statements, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 32 to the financial statements.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20 to the financial statements.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Further quantitative disclosures in respect of the Group's exposure to liquidity risk arising from trade and other receivables, trade and other payables, borrowings and other payables to intermediate parent are set out in notes 20, 22, 24 and 33.

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, note 24 shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

Notes to the Financial Statements

For the year ended 31 December 2013

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(b) Liquidity risk *(continued)*

The maturity analysis of the Group's financial liabilities based on the scheduled repayment dates is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2013				
Trade and other payables	**3,051,770**	**–**	**–**	**–**
Bank loans	**231,586**	**296,113**	**757,503**	**–**
Related party loans	**1,197,077**	**1,802,753**	**7,331,515**	**–**
At 31 December 2012				
Trade and other payables	3,645,480	–	–	–
Bank loans	163,013	194,375	894,875	–
Related party loans	4,136,149	706,373	7,541,581	–

(c) Interest risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The effective interest rate of cash and cash equivalents is 0.92% per annum (2012: 0.92% per annum). The effective interest rate of bank loans and related party loans is 5.69% per annum (2012: 5.31% per annum). The interest rates and terms of repayment of the Group's borrowings and other payable to intermediate holding company are disclosed in notes 24 and 33 to the financial statements.

At 31 December 2013, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB20,975,000 (2012: RMB6,791,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

Notes to the Financial Statements
For the year ended 31 December 2013

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars. The Group manages this risk as follows:

(i) Forecast transactions

The Group hedge certain of its estimated foreign currency exposure in respect of committed future sales and purchases and certain of its estimated foreign currency exposure in respect of highly probable forecast sales and purchases. During the year, the Group has not used forward exchange contracts to mitigate its currency risk.

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2013		2012	
	United States Dollars '000	**Hong Kong Dollars '000**	United States Dollars '000	Hong Kong Dollars '000
Trade and other receivables	**1,962**	**44,125**	1,631	32,046
Cash and cash equivalents	**2,274**	**121,336**	15,476	156,367
Trade and other payables	**–**	**(7,035)**	–	(5,934)
Borrowings	**(1,714)**	**(2,227,952)**	(1,714)	(3,372,185)
Gross exposure arising from recognised assets and liabilities	**2,522**	**(2,069,526)**	15,393	(3,189,706)

Notes to the Financial Statements

For the year ended 31 December 2013

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(d) Currency risk *(continued)*

(ii) Exposure to currency risk *(continued)*

The Company

	2013	2012
	Hong Kong Dollars '000	Hong Kong Dollars '000
Other receivables	**3,680,215**	3,760,520
Cash and cash equivalents	**105,214**	30,324
Other payables	**(249,478)**	(351,315)
Borrowings	**(1,622,952)**	(1,369,719)
Gross exposure arising from recognised assets and liabilities	**1,912,999**	2,069,810

The Group and the Company ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address the short term imbalances.

(iii) Sensitivity analysis

A 5 per cent weakening of the Hong Kong dollars and United States dollars against the above RMB at 31 December 2013 would have increased profit by RMB22,931,000 (2012: RMB40,879,000). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

A 5 per cent strengthening of the Hong Kong dollars and United States dollars against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2012.

Notes to the Financial Statements

For the year ended 31 December 2013

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(e) Fair values

The financial statements, all financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012 due to their nature of short-term maturities or floating interest rate for the long-term bank loans.

31. COMMITMENTS

(a) Capital commitments, outstanding at 31 December 2013 not provided for in the financial statements were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Contracted for	**1,265,657**	1,629,441	**–**	–
Authorised but not contracted for	**3,159,197**	2,300,000	**–**	–
	4,424,854	3,929,441	**–**	–

The capital commitments in 2013 and 2012 mainly represented the commitments in connection with the planned development projects of Chengdu OCT and OCT Shanghai Land.

(b) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases in respect of land and properties were payable as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**5,288**	6,970	**–**	–
After one year but within five years	**2,008**	4,453	**–**	–
After five years	**952**	1,243	**–**	–
	8,248	12,666	**–**	–

The Group leases a number of land and properties under operating leases. The leases run for period from one to twenty-six years and certain leases have an option to renew at which time all the terms are renegotiated. None of the leases includes contingent rentals.

Notes to the Financial Statements

For the year ended 31 December 2013

32. CONTINGENT LIABILITIES

Financial guarantees issued

As at the end of the reporting period, the Company has issued the following guarantees:

(a) a single guarantee to a bank in respect of a trade facility granted to a wholly-owned subsidiary; and

(b) a single guarantee to a bank in respect of a banking facility granted to a wholly-owned subsidiary which expires on 14 September 2014.

As at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the facility drawn down by the subsidiary of HK$3,145,000 (2012: HK$9,333,000).

33. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other state-controlled entities:

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Transactions with other state-controlled entities include but are not limited to the following:

– Purchase of service;

– Utility supplies; and

– Financial services arrangement.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

Notes to the Financial Statements

For the year ended 31 December 2013

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with other state-controlled entities: *(continued)*

Having considered the potential for transactions to be impacted by related party relationships, the Group's pricing strategy, buying and approval processes and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other state-controlled entities require disclosure:

(i) Transactions and balances with other state-controlled banks in the PRC:

	2013 RMB'000	2012 RMB'000
Interest income	**14,630**	13,980
Interest expense	**32,908**	18,715

	2013 RMB'000	2012 RMB'000
Cash at bank	**1,565,763**	1,432,841
Bank loans	**938,723**	1,054,170

(ii) Transactions and balances with other state-controlled entities in the PRC:

	2013 RMB'000	2012 RMB'000
Purchase of services	**326,009**	1,173,160

	2013 RMB'000	2012 RMB'000
Trade and other receivables	**2,482**	–
Trade and other payables	**61,139**	117,340

For the year ended 31 December 2013 and 2012, the Group's significant transactions with other state-controlled entities being purchase of service for the development of comprehensive development business.

Notes to the Financial Statements

For the year ended 31 December 2013

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties:

Name of party	Relationship with the Group
OCT Group	Ultimate parent
OCT Ltd	Intermediate parent
Overseas Chinese Town (HK) Company Limited	Intermediate parent
Konka Group Company Limited, its subsidiaries and associates ("Konka Group")	Fellow subsidiary
Shenzhen Overseas Chinese Town Water and Electricity Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Happy Coast Investment Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Tourism Advisory Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Property Management Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town City Inn Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Happy Valley Tourism Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Media and Performance Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Culture Tourism and Technology Co., Ltd	Fellow subsidiary

Notes to the Financial Statements

For the year ended 31 December 2013

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties: *(continued)*

Recurring transactions

	2013 RMB'000	2012 RMB'000
Sales of goods to:		
OCT Group, its subsidiaries and associates	**61,459**	58,745
Purchase of goods from:		
OCT Group, its subsidiaries and associates	**1,023**	632
Interest expense and related charges paid:		
OCT Group, its subsidiaries and associates	**522,547**	446,653
Rental received from:		
OCT Group, its subsidiaries and associates	**3,246**	1,499
Rental paid to:		
OCT Group, its subsidiaries and associates	**838**	838
Utility expenses paid to:		
OCT Group, its subsidiaries and associates	**16**	52
Purchase of service from:		
OCT Group, its subsidiaries and associates	**26,017**	41,217
Purchase of entertainment facilities and service from:		
OCT Group, its subsidiaries and associates	**14,600**	43,600
Repayment of loan to:		
OCT Group, its subsidiaries and associates	**1,455,895**	2,230,000

Notes to the Financial Statements

For the year ended 31 December 2013

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties: *(continued)*

Balances with related parties

Amounts due from/(to) related parties are as follows:

	Notes	2013 RMB'000	2012 RMB'000
Trade receivable from an intermediate parent and fellow subsidiaries *(note 20)*	(i)	**17,354**	38,736
Trade payable to fellow subsidiaries *(note 22)*	(ii)	**(20,770)**	–
Other receivable from an associate *(note 20)*	(iii)	**886,993**	–
Other receivable from fellow subsidiaries *(note 20)*	(iii)	**2,878**	530
Other payable to intermediate parents and fellow subsidiaries *(note 22)*	(iii)	**(132,210)**	(50,043)
Loans from fellow subsidiary *(note 24)*	(iv)	**(5,880,700)**	(6,342,000)
Loan from intermediate parents *(note 24)*	(v)	**(3,029,176)**	(3,123,921)

Notes:

(i) The trade receivable balances are unsecured, non-interest bearing and are expected to be recovered within six months. These refer to receivables in respect of sale of paper cartons and paper boxes to related parties.

(ii) The trade payable balances are unsecured, non-interest bearing and are expected to be settled within three months. These refer to payables in respect of purchases of raw material from related parties.

(iii) Other receivables and payables from/to intermediate parents and fellow subsidiaries are unsecured, non-interest bearing, and repayable on demand. Other receivable from an associate is unsecured, interest bearing at the latest benchmark rate for one-year loan promulgated by the People's Bank of China and repayable on demand.

(iv) Loans from fellow subsidiary of RMB5,880,700,000 is bearing an interest at 6.55%.

(v) Loans from intermediate parents of RMB900,000,000 is bearing an interest at 3.62%, RMB300,000,000 is bearing at 4.44%, RMB334,135,000 is bearing at 5.743%, RMB800,000,000 is bearing at 6.0%, USD17,140,000 is bearing at 4.0% and HK$751,000,000 is bearing at 4.0%.

Notes to the Financial Statements

For the year ended 31 December 2013

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 to the financial statements and certain of the highest paid employees as disclosed in note 10 to the financial statements, is as follows:

	2013	2012
	RMB'000	RMB'000
Short term employee benefits	**6,519**	5,634
Post employment benefits	**408**	230
Equity settled share option payment expenses	**88**	346
	7,015	6,210

Total remuneration is included in "staff costs" (see note 7(b)).

(d) Contributions to post-employment benefits plans

The Group participates in various defined contribution post-employment benefit plans for its employees. Further details of these plans are disclosed in note 25 to the financial statements.

34. NON-ADJUSTING POST STATEMENT OF FINANCIAL POSITION EVENTS

(i) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 28(b) to the financial statements.

(ii) Subsequent to the end of the reporting period, the Group received a notice of arbitration (the "Arbitration Notice") issued by China International Economic and Trade Arbitration Commission. According to the Arbitration Notice, the Vendor submitted an arbitration application (the "Arbitration Application") in relation to the dispute arising from the Agreement and the Supplemental Agreement for acquisition of the entire equity interests in Tianjin Tianxiao. The Vendor requested for a ruling that, among others, the Group shall not be entitled to off-set the remaining instalment payable by the Group to the Vendor pursuant to the Agreement and the Supplemental Agreement with the compensation and remedies as stipulated in the Agreement and the Supplemental Agreement. The Group is of the view that the Vendor's failure to obtain the approval to adjust the terms of use of the land owned by Tianjin Tianxiao in according to the Agreement and the Supplemental Agreement already constitutes contractual breach by the Vendor ("Breach") and the Vendor shall be responsible for the relevant liabilities for the Breach and the Group is entitled to off-set the remaining instalment payable by the Group. In the opinion of the directors the Arbitration Notice is unlikely to have material impact on the financial position of the Group. In addition, the Group will file an answer to the claim and a counterclaim against the Vendor as soon as possible. Further details please refer to the announcement published by the Company on 17 September 2013, 31 December 2013 and 14 February 2014.

Five-Year Financial Summary

For the year ended 31 December 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
Turnover	**4,058,517**	3,452,883	2,558,860	1,905,792	622,063
Cost of sales	**(2,578,885)**	(2,267,153)	(1,786,190)	(1,646,418)	(536,237)
Gross profit	**1,479,632**	1,185,730	772,670	259,374	85,826
Other revenue	**20,374**	14,314	11,676	7,212	2,662
Other net income/(expense)	**52,892**	(7,067)	24,057	5,851	1,454
Distribution costs	**(206.477)**	(224,926)	(160,648)	(84,336)	(31,625)
Administrative expenses	**(200,658)**	(154,420)	(126,268)	(59,325)	(42,913)
Other operating expenses	**(8,731)**	(12,627)	(1,832)	(2,056)	(1,392)
Profit from operations	**1,137,032**	801,004	519,655	126,720	14,012
Finance costs	**(159,042)**	(102,623)	(55,486)	(26,259)	(3,202)
Share of profits and losses of associates	**18,316**	39,687	36,366	(1,040)	20,728
Gain on remeasurement of the previously held interest in an associate	**–**	–	–	38,890	–
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate	**5,822**	–	–	–	–
Profit before tax	**1,002,128**	738,068	500,535	138,311	31,538
Income tax expenses	**(445,731)**	(347,611)	(231,582)	(52,428)	(7,728)
Profit for the year	**556,397**	390,457	268,953	85,883	23,810
Attributable to:					
Owners of the Company	**235,905**	177,236	159,236	66,713	23,810
Non-controlling interests	**320,492**	213,221	109,717	19,170	–
Profit for the year	**556,397**	390,457	268,953	85,883	23,810
Earnings per share (RMB)					
Basic	**0.41**	0.35	0.31	0.15	0.08
Diluted	**0.38**	0.35	0.31	0.15	0.08

Five-Year Financial Summary

As at 31 December 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
Non-current assets					
Fixed assets	**2,703,171**	2,654,320	2,692,679	2,705,099	363,347
Intangible assets	**486**	410	221	182	–
Goodwill	**267,195**	267,195	266,625	266,625	24,937
Interest in an associates	**186,299**	120,621	80,934	44,568	234,401
Other financial assets	**4,320**	4,320	4,320	4,320	–
Deferred tax assets	**114,579**	97,290	95,761	53,439	8,810
	3,276,050	3,144,156	3,140,540	3,074,233	631,495
Current assets					
Inventories	**14,565,322**	14,198,204	2,015,536	1,681,962	82,628
Trade and other receivables	**1,549,176**	1,270,214	300,055	266,171	149,031
Cash and cash equivalents	**1,711,357**	1,525,861	748,393	1,005,358	314,006
	17,825,855	16,994,279	3,063,984	2,953,491	545,665
Current liabilities					
Trade and other payables	**3,051,770**	3,645,480	1,918,981	1,638,310	278,391
Receipts in advance	**817,112**	466,033	601,037	667,473	–
Bank loans	**208,699**	153,302	92,068	44,105	65,947
Related party loans	**671,000**	3,325,590	–	361,632	–
Current tax liabilities	**778,130**	317,637	124,160	87,869	4,304
	5,526,711	7,908,042	2,736,246	2,799,389	348,642
Net current assets	**12,299,144**	9,086,237	327,738	154,102	197,023
Total assets less current liabilities	**15,575,194**	12,230,393	3,468,278	3,228,335	828,518
Non-current liabilities					
Other payable to intermediate holding company	**–**	–	–	–	73,082
Bank loans	**952,481**	964,972	81,070	28,562	60,723
Related party loans	**8,238,876**	6,140,331	1,044,548	1,100,000	–
Deferred tax liabilities	**273,542**	295,016	52,522	56,267	152
	9,464,899	7,400,319	1,178,140	1,184,829	133,957
NET ASSETS	**6,110,295**	4,830,074	2,290,138	2,043,506	694,561
Equity attributable to owners of the Company	**2,743,518**	1,749,567	1,577,901	1,418,996	694,561
Non-controlling interests	**3,366,777**	3,080,507	712,237	624,510	–
TOTAL EQUITY	**6,110,295**	4,830,074	2,290,138	2,043,506	694,561