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CHINA SCE PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1966.HK

2013
ANNUAL REPORT

CONTENTS

Xiamen • The Prestige

CORPORATE PROFILE

China SCE Property Holdings Limited ("China SCE" or the "Company") together with its subsidiaries (collectively, the "Group") were established in 1996 and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in February 2010 (Stock Code: 1966). The Group's major businesses include investment holding, real estate development, property investment and property management. The Company is headquartered in Xiamen as its development base for implementing headquarter-oriented management system and carrying out its national development strategy led by the West Taiwan Strait Economic Zone, the Bohai Rim Economic Zone, the Yangtze River Delta Economic Zone, and the Pearl River Delta Economic Zone.

Over 18 years of development, the Company has been well equipped with full capacity to develop properties, and owns a relatively sound product portfolio, which are mainly residential housing, including high-rise and multi-storey buildings, low-rise apartments, villas, commercial facilities, office buildings and parking lots. The Company upholds "We Build to Inspire" as its corporate mission, strives to satisfy customers' needs and pursues excellence in product quality. The Company has established a good brand image in the industry, and was granted the awards and honors of "Top 100 Real Estate Enterprises in China" for six consecutive years.

As of 31 December 2013, the Group owned a land bank with an aggregate planned gross floor area ("GFA") of approximately 9.55 million sq.m., with 30 projects distributed over Beijing, Shanghai, Shenzhen, Nanchang, Xiamen, Quanzhou (including Shishi, Jinjiang and Nan'an), Zhangzhou, Longyan, Langfang, Anshan, Linfen, etc.

The Company will fully utilise the international capital platform that was established through its listing in Hong Kong, flexibly expand its financing channels, and continue to implement prudent financial development strategies. In future development, the Company will actively implement its development strategies on the basis of emphasising and improving product quality as it always does, and strive to become a regional leader in the industry and a developer with more competitiveness across the People's Republic of China ("PRC"), so as to maximise the value created for its shareholders and make contributions to both the real estate industry and the society to its largest extent.

Xiamen • SCE Building

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Li Wei
Mr. Huang Youquan

Non-executive Director

Mr. Fung Ka Pun (resigned on 6 January 2013)

Independent non-executive Directors

Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

COMPANY SECRETARY

Mr. Li Siu Po

AUTHORISED REPRESENTATIVES

Mr. Wong Chiu Yeung
Mr. Li Siu Po

AUDIT COMMITTEE

Mr. Ting Leung Huel Stephen *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

REMUNERATION COMMITTEE

Mr. Dai Yiyi *(Chairman)*
Mr. Wong Chiu Yeung
Mr. Ting Leung Huel Stephen

NOMINATION COMMITTEE

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

CORPORATE GOVERNANCE COMMITTEE

Mr. Li Wei *(Chairman)*
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

Chiu & Partners (As to Hong Kong Law)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

SCE Building
No. 208, Nanwu Road
Gaoqi, Xiamen
Fujian Province
China

CORPORATE INFORMATION

PLACE OF BUSINESS IN HONG KONG

Room 1606, Nanyang Plaza
No. 57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Agricultural Bank of China
Bank of China
China Construction Bank
Hongkong and Shanghai Banking Corporation
Hang Seng Bank

INVESTOR RELATIONS

Email: ir@sce-re.com
Fax: (86) 592 5721 855

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1966.HK

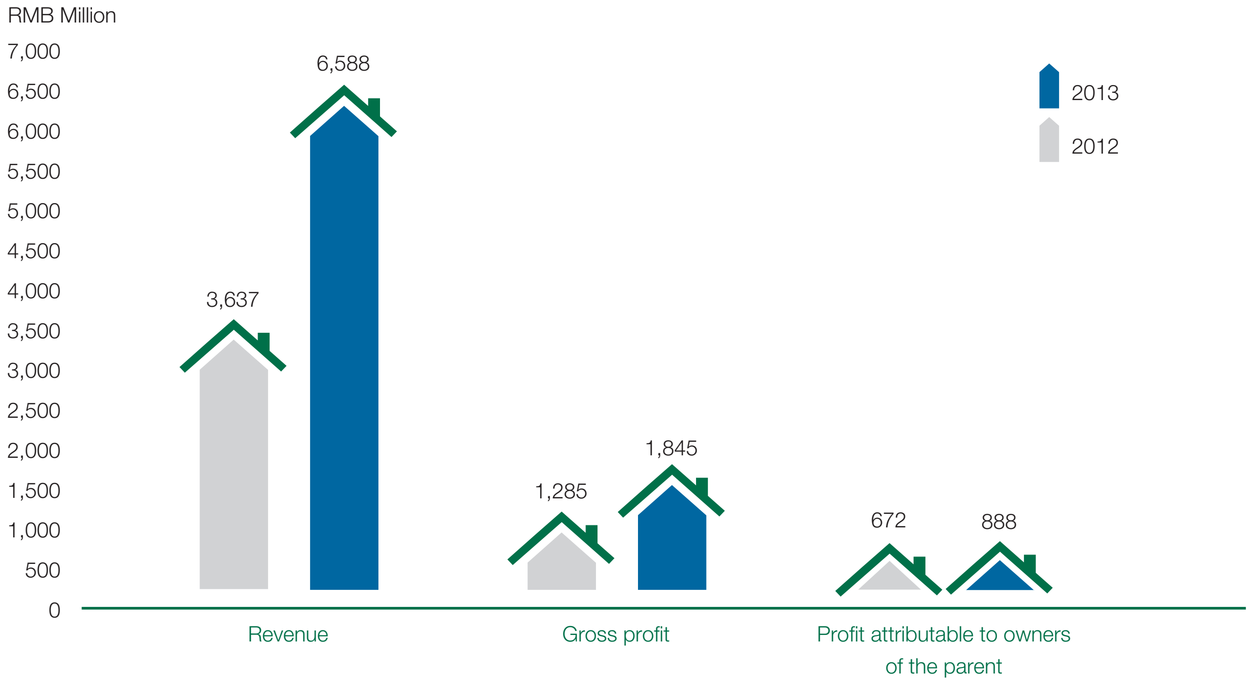
COMPANY WEBSITE

www.sce-re.com

FINANCIAL HIGHLIGHTS

RESULTS

	For the year ended 31 December		
	2013	2012	Change
	RMB'000	RMB'000	(%)
Revenue	**6,588,124**	3,636,658	81.2
Gross profit	**1,845,216**	1,284,635	43.6
Profit before tax	**1,905,342**	1,292,097	47.5
Income tax expense	**(731,078)**	(391,073)	86.9
Profit for the year	**1,174,264**	901,024	30.3
Profit attributable to:			
Owners of the parent	**887,816**	672,003	32.1
Non-controlling interests	**286,448**	229,021	25.1
	1,174,264	901,024	30.3
Earnings per share			
Basic	**RMB25.9 cents**	RMB19.6 cents	32.1



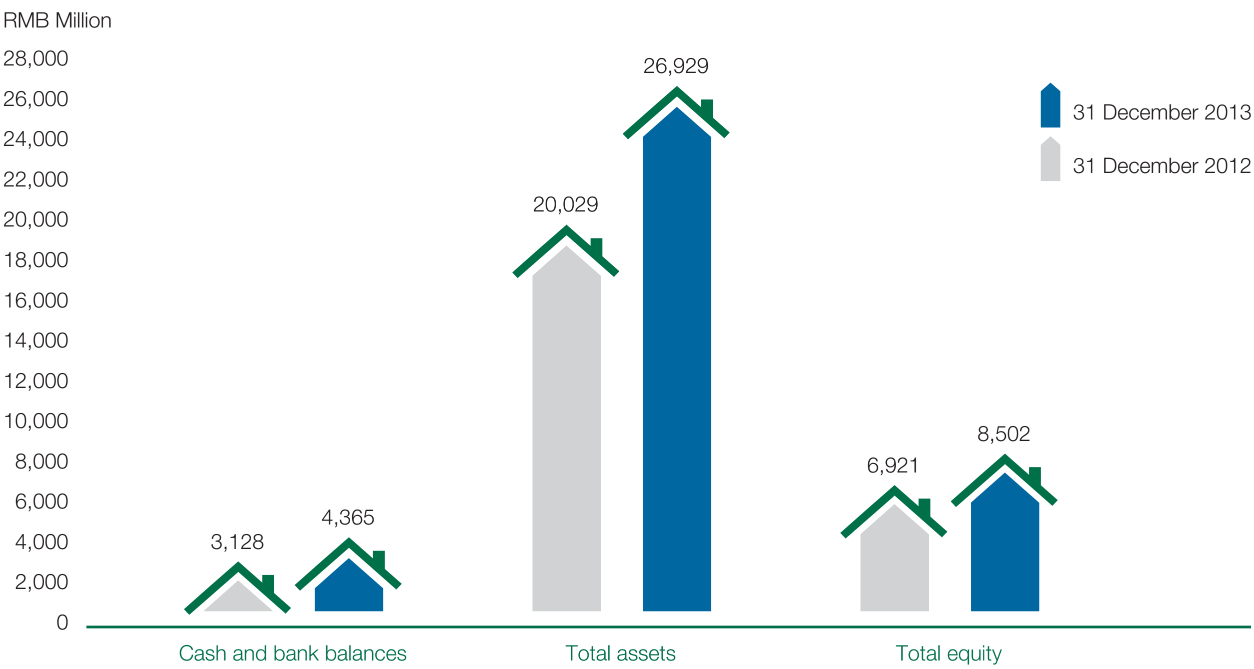
FINANCIAL HIGHLIGHTS

REVENUE ANALYSIS

	For the year ended 31 December		
	2013	2012	Change
	RMB'000	RMB'000	(%)
Sales of properties	**6,440,475**	3,522,162	82.9
Gross rental income	**76,719**	65,356	17.4
Property management fees	**70,930**	49,140	44.3
Total	**6,588,124**	3,636,658	81.2

FINANCIAL POSITION

	31 December	31 December	
	2013	2012	Change
	RMB'000	RMB'000	(%)
Cash and bank balances	**4,365,274**	3,128,290	39.5
Total assets	**26,928,930**	20,028,730	34.5
Total liabilities	**(18,426,723)**	(13,107,846)	40.6
Total equity	**8,502,207**	6,920,884	22.8



REVIEW OF SIGNIFICANT EVENTS

Quanzhou • The Regent

JAN

Further Issuance of US$150 Million Senior Notes

On 23 January 2013, the Company successfully issued an addition of US$150 million 11.5% senior notes due 2017 to institutional investors at an offer price of 108% of the principal amount with an actual yield of approximately 9.4%. These additional senior notes have been consolidated and formed a single series with the US$200 million 11.5% senior notes issued in November 2012 (the "2012 Senior Notes").

Successful Bid for a Residential-cum-Commercial Land Parcel in Shishi, Quanzhou, Fujian Province

On 11 January 2013, the Group made a successful bid for a residential-cum-commercial land parcel in Shishi, Quanzhou at a consideration of approximately RMB301 million.

The land parcel is located at south of Baodao Road in Shishi with a site area of approximately 29,000 sq.m. and a total planned GFA of approximately 110,000 sq.m.. The project, named "The Prestige", was officially launched to the market in December 2013.

Inclusion Among the "China's Top 100 Real Estate Enterprises in 2012"

From 8 to 10 January 2013, the "2012 City Viewpoint Forum" (2012年度城市觀點論壇) was held in Guangzhou. At the event, China SCE was honored to be included among the "China's Top 100 Real Estate Enterprises in 2012". This forum was organised by "Guandian" (觀點地產新媒體), a leading professional real estate media in China, together with various mainstream media, real estate companies and financial institutions.

FEB

Successful Bid for a Residential Land Parcel in Nanchang, Jiangxi Province

On 4 February 2013, the Group made a successful bid for a residential land parcel in Nanchang, Jiangxi Province at a consideration of approximately RMB660 million.

Located in the High-tech Development Zone in Nanchang and being adjacent to Ziyang Avenue Station of Line 1 of Nanchang Metro, the land parcel enjoys a superior geographical location, which covers a site area of approximately 122,000 sq.m. and a total planned GFA of approximately 300,000 sq.m.. The project, named "Sapphire Boomtown", will comprise high-rise residential buildings, villas and commercial facilities, and is expected to be officially launched to the market in the second quarter of 2014.

REVIEW OF SIGNIFICANT EVENTS

MAR

Acquisition of a Residential-cum-Commercial Land Parcel in Jinjiang, Quanzhou, Fujian Province

On 20 March 2013, the Group and two independent third parties jointly established a joint venture, a company in which the Group holds 51% of the equity interest, to acquire a residential-cum-commercial land parcel in Jinjiang, Quanzhou, Fujian Province.

The site is located in Chidian Town, Jinjiang, Quanzhou and neighboring to Citong Bridge, which covers a site area of approximately 52,000 sq.m. and a total planned GFA of approximately 230,000 sq.m.. The consideration for this land acquisition amounted to approximately RMB209 million. The project, named “Sunshine Park Phase 1”, was officially launched to the market in February 2014.

Awarded the “Top 100 Real Estate Developers of China in 2013” and “Top 10 Real Estate Developers with High-level of Operational Efficiency”

On 22 March 2013, the 2013 Summit of Top 500 Real Estate Developers in China (2013年中國房地產500強測評成果發佈會暨500強峰會) was held in Beijing. This event was jointly organised by China Real Estate Research Association, China Real Estate Association, and China Real Estate Appraisal Center.

During the event, China SCE was awarded as one of the “Top 100 Real Estate Developers of China in 2013” and the “Top 10 Real Estate Developers with High-level of Operational Efficiency”.

APR

Successful Bid for a Residential-cum-Commercial Land Parcel in Quanzhou, Fujian Province

On 25 April 2013, the Group and an independent third party jointly won the bid for a residential-cum-commercial land parcel in Quanzhou, Fujian Province at a consideration of approximately RMB191 million. The Group holds 60% of the equity interest in the project.

The land parcel is located in Licheng District, Quanzhou with a site area of approximately 70,000 sq.m. and a total planned GFA of approximately 290,000 sq.m.. The project, named “SCE Mall”, will be developed into a complex comprising logistics, commerce and residence.

Xiamen • Provence Town

Mr. Wong Chiu Yeung, Chairman of the Board of China SCE, included in the "2013 Hurun List of Philanthropists" and "2013 Forbes' List of China Top 100 Philanthropists"

On 10 April 2013, Hurun Research Institute released the "2013 Hurun List of Philanthropists" (2013胡潤慈善榜), among which Mr. Wong Chiu Yeung, Chairman of the Board of China SCE, ranked the thirty-ninth. Meanwhile, Mr. Wong Chiu Yeung was also included in "2013 Forbes' List of China Top 100 Philanthropists" (2013福布斯中國慈善榜百強) and became the new "No. 1 Philanthropist in Xiamen" for 2012.

Quanzhou • Sunshine Mansion

JUN

Successful Bid for Residential-cum-Commercial Land Parcels in Zhangzhou, Fujian Province

On 5 June 2013, the Group and two independent third parties jointly won the bid for two residential-cum-commercial land parcels in Zhangzhou, Fujian Province at a consideration of approximately RMB270 million. The Group holds 70% of the equity interest in the project.

Located in the core area of the Taiwanese Investment Zone, the project enjoys a convenient transportation network, connecting Xiamen in the east and Zhangzhou downtown in the west. The project occupies a site area of approximately 120,000 sq.m. and a total planned GFA of approximately 430,000 sq.m., which will be developed in two phases. The project was named "Sunshine City", and Phase 1 was officially launched to the market in December 2013.

AUG

Awarded "The Most Trustworthy Brand in China in 2013" Prize of Boao Real Estate Forum

On 14 August 2013, the award presentation ceremony of "China Real Estate Fashion Award" (中國地產風尚大獎) for the 2013 Boao Real Estate Forum (博鰲房地產論壇) was held. Winning "The Most Trustworthy Brand in China in 2013" (2013中國最具誠信價值品牌), China SCE has become the only real estate enterprise from Fujian Province awarded with such special honor.

Boao Real Estate Forum is the most authoritative and influential forum in the PRC real estate sector, which has been successfully held for twelve years.

REVIEW OF SIGNIFICANT EVENTS

Xiamen • Sunshine City

OCT

Successful Bid for a Residential-Cum-Commercial Land Parcel in Jinjiang, Quanzhou, Fujian Province

On 17 October 2013, the Group made a successful bid for a residential-cum-commercial land parcel in Jinjiang, Quanzhou, Fujian Province at a consideration of approximately RMB473 million.

The land is located in the east of South Yinbin Avenue, one bridge distance away from the main downtown area of Quanzhou. It is conveniently accessible with perfect neighboring commercial facilities. The project occupies a site area of approximately 42,000 sq.m. and a total planned GFA of approximately 164,000 sq.m..

NOV

Successful Bid for Commercial Land Parcels in Hongqiao, Shanghai

On 8 November 2013, the Group and independent third parties jointly bid for two commercial land parcels in northern part of Shanghai Hongqiao Central Business District at a consideration of approximately RMB3.58 billion with an accommodation value of RMB12,827 per sq.m.. The Group will hold approximately 50% of the equity interest in the project. The successful bid for these land parcels in Hongqiao of Shanghai denoted the Group's penetration into the Yangtze River Delta market.

Adjacent to Shanghai Hongqiao transportation hub as well as located in the north of Hongqiao High-speed Railway Station and Hongqiao International Airport in Shanghai, the land parcels enjoy a prime location, neighboring perfect integrated facilities. The project has a site area of approximately 100,000 sq.m. and a total planned GFA of approximately 400,000 sq.m.. It will be developed into a commercial and office complex.

DEC

Successful Bid for a Residential-cum-Commercial Land Parcel in Putuo District, Shanghai

On 18 December 2013, the Group made a successful bid for a residential-cum-commercial land parcel in Putuo District, Shanghai at a consideration of RMB1.53 billion with an accommodation value of RMB27,195 per sq.m..

Located in the core area of Shanghai with a saleable area of approximately 56,000 sq.m., the project, named "The Prestige", will be developed into a high-end fine-furnished residential community.

Dear Shareholders,

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

RESULTS AND DIVIDENDS

For the year ended 31 December 2013, the Group recorded a revenue of approximately RMB6,588 million and a profit of approximately RMB1,174 million, representing an increase of approximately 81.2% and approximately 30.3% respectively over last year. Profit attributable to owners of the parent amounted to approximately RMB888 million. Earnings per share was approximately RMB25.9 cents, representing an increase of approximately 32.1% over last year.

The Company has paid an interim dividend of HK6 cents per ordinary share for the six months ended 30 June 2013 to shareholders during the year. The Board resolved not to declare any final dividend for the year ended 31 December 2013.

BUSINESS REVIEW

Contracted Sales

In 2013, the PRC real estate market continued its upward trend carried forward from 2012, with both sales volume and price increasing. Such rises were prominent in first-tier and second-tier cities. During the year, the Group launched 12 new projects, including International Finance Center • The Regent, Fortune Plaza • Marina Bay and Sunshine City in Quanzhou, SCE Mall and The Prestige in Shishi, Sunshine Town Phase 2 and Parkview Bay in Nan'an, The Prestige in Xiamen, Sapphire Boomtown Phase 2 and Sunshine City Phase 1 in Zhangzhou, Sapphire Boomtown in Longyan and SCE International Community Phase 2 in Linfen. All of these projects recorded satisfactory sales performance.

Benefiting from reasonable marketing plans and effective sales strategies, the contracted sales amount of the Group and its joint ventures hit a new high record. During the year, the Group and its joint ventures achieved a contracted sales amount of approximately RMB10.82 billion and a contracted sales area of approximately 1,020,000 sq.m., representing a significant year-on-year increase of 80% and 52%, respectively. This is the first time for the Group and its joint ventures surmounting a breakthrough in contracted sales amount of over RMB10 billion, which exceeds the sales target of RMB7.5 billion set for the year by approximately 44%.

CHAIRMAN'S STATEMENT

Project Development

In 2013, the Group accelerated the development of projects to replenish saleable property units. There were 12 new properties which commenced construction during the year, namely Sunshine City Phase 1 in Shenzhen, Fortune Plaza • Marina Bay and Sunshine City in Quanzhou, SCE Mall, The Prestige and Part B of Gold Coast Phase 1 in Shishi, Sunshine Town Phase 2 and Parkview Bay in Nan'an, Sunshine Park Phase 1 in Jinjiang, Part A of Sunshine City Phase 1 in Zhangzhou, Sapphire Boomtown in Longyan, and SCE International Community Phase 2 in Linfen.

As at 31 December 2013, the Group had 16 properties under development with an aggregate planned GFA of over 3 million sq.m..

Land Bank

Backed up by the strong cash flow position in 2013, the Group expedited its business expansion. We have acquired eight plots of new land with an aggregate planned GFA of approximately 2.02 million sq.m.. The total consideration for the land acquisition was approximately RMB7.21 billion (consideration attributable to the Group was approximately RMB5.16 billion), with average land cost of approximately RMB3,589 per sq.m..

Wherein, the successful bidding for two land parcels located in Hongqiao Central Business District and Putuo District of Shanghai represented our successful penetration into the Yangtze River Delta market, which undoubtedly marks a milestone in our business expansion.

Financial Strategy

In 2013, the Group maintained a safe and healthy financial position with support of sufficient capital from diversified financing channels. In January 2013, the Group successfully issued an addition of US$150 million 11.5% senior notes due 2017 to institutional investors with an actual yield of only approximately 9.4%, which has been consolidated and formed a single series with the US$200 million 11.5% senior notes issued in November 2012. In early January 2014, the Group secured a three-year syndicated loan including US$27 million and HK$500 million at an interest rate of LIBOR/HIBOR plus 5% per annum. These efforts for sufficient cash flow have not only enhanced our reputation in the international capital markets, more importantly, they had provided strong sources of funding for the development and business expansion of the Group.

In addition, the Group pays close attention to the progress of collecting sales proceeds to achieve an accelerated cash flow. During the year, we had realised a higher cash collection rate of approximately 82%.

OUTLOOK

Being a real estate developer with stable and healthy development history, the Group will evaluate situations in light of long-term development, continue to capture market opportunities for development, and steadily expand its business.

In respect of our geographical distribution, we will continue to implement our development strategies across China with the focus on the West Taiwan Strait Economic Zone, the Bohai Rim Economic Zone, the Yangtze River Delta Economic Zone and the Pearl River Delta Economic Zone. In the foreseeable future, we will continue to keep the West Taiwan Strait Economic Zone as our development base, and pay sustained attention to the market opportunities in the first-tier and second-tier cities beyond the West Taiwan Strait Economic Zone. With our successful access to the market in Shanghai, we have now successfully entered three first-tier cities, namely Beijing, Shanghai, and Shenzhen.

For our marketing plans, in 2014, we will continue to increase the percentage of contracted sales amount from regions other than Fujian Province. Wherein, the three new properties located beyond Fujian Province, namely Sunshine City Phase 1 in Shenzhen, Sunshine City Phase 1 in Langfang, and Sapphire Boomtown in Nanchang, are expected to contribute a relatively significant portion of contracted sales amount to the Group.

For our product strategy, we will continue to adjust our product mix and emphasise particularly on developing mid-end and mid-high-end product mix for rigid and improved housing demands. At the same time, we also plan to implement our product strategy of increasing the proportion of small-size units to attract potential customers. Such product strategy is featured by "Small-size Unit, with Low Total Price".

Meanwhile, we will continue to shape our brand image with constant pursuit of high-quality products, which we believe is the basis to form brand awareness and improve profitability as well as the powerful guarantee of our further market exploitation. Our long-term commitment is that we are devoted to building high-quality products to cater customer needs. Currently, we have earned a good word-of-mouth reputation and brand perception in the West Taiwan Strait Economic Zone. In the future, we will strive to achieve high brand awareness in the regions where we operate our business.

For investment properties, in 2014, Fortune Plaza • World City in Quanzhou, our second large-scale shopping mall after World City in Beijing, will be launched to the market as scheduled, which is expected to produce stable and considerable rental income to resist market risks.

Besides, we will also continue to emphasise our professional property management to provide property owners with thorough and considerate after-sales services. We believe that a high level of property management will not only help to add value in our properties, but also enhance customers' confidence in us.

APPRECIATION

Last but not least, on behalf of the Board, I would like to express our sincere appreciation to all staff for their diligence and contributions in the past year. I would also like to take this opportunity to express our gratitude to our investors, customers, and business partners.

Wong Chiu Yeung
Chairman

Hong Kong, China
18 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2013, recovery of the global economy remained tardy after the financial crisis, while the PRC macro-economy presented a moderate upward trend. Preliminary statistics of the National Bureau of Statistics of China showed that China's GDP was approximately RMB56.8845 trillion in 2013, representing a year-on-year increase of approximately 7.7% calculated at comparable prices; while the GDP of Fujian Province grew at a rate of up to approximately 11.0%, which was higher than the national average. For the real estate market, the PRC Central Government, which focused on making and improving a long-term mechanism designed for the macro-control of the real estate sector, implemented a differential real estate control policy, a policy under which governments at all levels may separately formulate and implement their own reasonable and feasible real estate control policies in view of local real estate market conditions.

Throughout the year of 2013, even though real estate macro-control policies were successively introduced by local governments, continued prosperity could still be seen in the PRC real estate market, particularly in the first-tier and second-tier cities where the real estate market manifested a robust growth. According to the "National Real Estate Development and Sales for 2013" issued by National Bureau of Statistics, the sales area of national commodity housing amounted to approximately 1.3 billion sq.m., representing an increase of approximately 17.3% over the last year, of which the sales area of residential housing increased by approximately 17.5%; the sales amount of national commodity housing amounted to approximately RMB8.1428 trillion, representing a year-on-year increase of approximately 26.3%, of which the sales amount of residential housing grew by approximately 26.6% over the last year.

BUSINESS REVIEW

Contracted Sales

Benefiting from the reasonable product mix and orderly marketing steps, the Group achieved a breakthrough in its sales performance. During the year, the Group and its joint ventures achieved a contracted sales area of approximately 1,020,000 sq.m. (including a contracted sales area of approximately 180,000 sq.m. from the joint ventures) and a

Quanzhou • Fortune Plaza • World City

contracted sales amount of approximately RMB10.82 billion (including a contracted sales amount of approximately RMB2.10 billion from the joint ventures), representing a significant year-on-year increase of approximately 52% and 80%, respectively. This is the first time for the Group and its joint ventures surmounting a breakthrough in contracted sales amount of over RMB10 billion, which exceeds the sales target of RMB7.5 billion originally set for the year by approximately 44%.

During the year, along with the projects launched for sales in previous years, the Group had 19 projects on sales in total, 12 of which were newly launched for sales during the year. These newly launched projects include International Finance Center • The Regent, Fortune Plaza • Marina Bay and Sunshine City in Quanzhou, SCE Mall and The Prestige in Shishi, Sunshine Town Phase 2 and Parkview Bay in Nan'an, The Prestige in Xiamen, Sapphire Boomtown Phase 2 and Sunshine City Phase 1 in Zhangzhou, Sapphire Boomtown in Longyan and SCE International Community Phase 2 in Linfen. From a geographical distribution perspective, over 95% of the sales contribution was derived from Fujian Province. During the year, the property sales distribution by city achieved by the Group and its joint ventures is set out below:

City	**Contracted Sales Area** (sq.m.)	**Contracted Sales Amount** (RMB million)
Quanzhou[1]	597,576	5,723
Xiamen	243,400	4,046
Zhangzhou	88,938	549
Others	87,794	501
Total	1,017,708	10,819

[1] Refers to Greater Quanzhou, including Quanzhou, Shishi, Jinjiang and Nan'an.

Xiamen • Provence Town

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group also received satisfactory results in recognising revenue from property sales. In 2013, the Group recognised a delivered area of 754,989 sq.m. and revenue from the property sales of approximately RMB6,440 million, representing a year-on-year increase of approximately 86.7% and 82.9%, respectively. The average unit selling price was approximately RMB8,531 per sq.m..

Project Development

Properties under development

During the year, the Group commenced the construction of a total of 12 projects to ensure sufficient saleable property units for the coming year. These 12 projects were Sunshine City Phase 1 in Shenzhen, Fortune Plaza • Marina Bay and Sunshine City in Quanzhou, SCE Mall, The Prestige and Part B of Gold Coast Phase 1 in Shishi, Sunshine Town Phase 2 and Parkview Bay in Nan'an, Sunshine Park Phase 1 in Jinjiang, Part A of Sunshine City Phase 1 in Zhangzhou, Sapphire Boomtown in Longyan and SCE International Community Phase 2 in Linfen, with a total newly-commenced area of approximately 2.30 million sq.m..

Quanzhou • Sapphire Peninsula

As at 31 December 2013, the Group had 16 properties under development at various stages with an aggregate planned GFA of over 3 million sq.m., details of which are set out as follows:

Name of Project	**City**	**Type of Property**	**Percentage of Interest Attributable to the Group** (%)	**Total Planned GFA** (sq.m.)	**Expected Year of Completion**
Sunshine City Phase 1	Shenzhen	High-rise residential and retail shops	63	268,331	2015
The Prestige (High-rise portion)	Xiamen	High-rise residential	65	71,236	2014
Fortune Plaza • Marina Bay	Quanzhou	High-rise residential and retail shops	58	233,151	2014/2015
The Regent	Quanzhou	High-rise residential, office and retail shops	34	256,196	2014
Sunshine City	Quanzhou	High-rise residential, SOHO apartments and retail shops	100	137,902	2015
Gold Coast Phase 1	Shishi	High-rise residential and SOHO apartments	45	287,744	2014/2015
The Prestige	Shishi	High-rise residential and retail shops	100	111,972	2015
SCE Mall	Shishi	High-rise residential, SOHO apartments, office and retail shops	60	297,529	2015
Sunshine Park Phase 1	Jinjiang	High-rise residential and retail shops	51	232,643	2015/2016
Sunshine Town Phase 2	Nan'an	High-rise residential and retail shops	100	220,229	2015/2016
Parkview Bay	Nan'an	High-rise residential and retail shops	80	215,332	2015/2016
Sapphire Boomtown Phase 2	Zhangzhou	High-rise residential, SOHO apartments and retail shops	100	163,033	2014
Sunshine City Phase 1 (Part A)	Zhangzhou	High-rise residential and retail shops	70	130,742	2014/2015
Sapphire Boomtown	Longyan	High-rise residential	100	267,240	2015
Royal Spring City • Spring Villa (Except Zone A)	Anshan	Villas and retail shops	70	135,534	2014/2015
SCE International Community Phase 2	Linfen	High-rise residential and retail shops	100	55,674	2015
Total				3,084,488	

Quanzhou • The Regent

MANAGEMENT DISCUSSION AND ANALYSIS

Save for the aforesaid projects, as at 31 December 2013, the joint ventures of the Group had two projects which were still under construction, namely Haicang Vanke Dream Town in Xiamen and Purple Lake International Golf Villa in Jinjiang, with an aggregate planned GFA of properties under development of approximately 0.48 million sq.m..

Properties held for future development

As at 31 December 2013, the Group had a land bank with an aggregate planned GFA of approximately 5.63 million sq.m. held for future development, details of which are set out as follows:

Name of Project	City	Type of Property	Percentage of Interest Attributable to the Group (%)	Total Planned GFA (sq.m.)
Beijing Project	Beijing	Office	100	38,195
The Prestige	Shanghai	High-rise residential, villas and retail shops	100	77,628
Sapphire Boomtown	Nanchang	High-rise residential, villas and retail shops	100	301,225
Fortune Plaza • Imperial Terrace	Quanzhou	High-rise residential, SOHO apartments, office, hotel and retail shops	58	267,634
International Finance Center	Quanzhou	High-rise residential, office and retail shops	34	148,804
SCE Mall	Quanzhou	High-rise residential, SOHO apartments, office, fruit wholesale market and retail shops	60	290,000
Gold Coast (Except Phase 1)	Shishi	Residential, commercial and tourism related integrated development	45	891,692
Sapphire Residences	Jinjiang	High-rise residential and retail shops	100	163,633
World City	Nan'an	SOHO apartments, office, shopping mall and retail shops	80	444,668
Sapphire Boomtown Phases 3 & 4	Zhangzhou	High-rise residential, SOHO apartments and retail shops	100	208,688
Sunshine City Phase 1 (Part B) and Phase 2	Zhangzhou	High-rise residential and retail shops	70	298,574
Sunshine City	Langfang	High-rise residential and retail shops	55	424,777
Royal Spring City (Except Phase 1)	Anshan	High-rise residential, SOHO apartments, hotel and retail shops	70	1,645,139
SCE International Community (Except Phases 1 & 2)	Linfen	High-rise residential and retail shops	100	430,204
Total				5,630,861

Save for the aforesaid projects, in November 2013, the Group and independent third parties jointly made a successful bid for two commercial land parcels located in the northern part of Hongqiao Central Business District, Shanghai, with an aggregate planned GFA of approximately 0.4 million sq.m., of which approximately 50% of the equity interest was held by the Group. The project will be developed into commercial and office integrated complex.

Properties completed

During the year, the Group had an area of completed properties of approximately 1.17 million sq.m., representing a sharp increase of approximately 151.5% over the last year. During the year, details of completed properties by city distribution are as follows:

City	Type of Property	Total GFA (sq.m.)
Quanzhou	Residential and commercial	977,653
Xiamen	Residential and commercial	161,008
Others	Residential and commercial	33,195
Total		1,171,856

Wherein, the shopping mall of Fortune Plaza • World City in Quanzhou, which was completed during the year, will be the second large-scale self-held shopping mall after World City in Beijing. It will be put into operation in the second quarter of 2014 and is expected to bring stable and considerable rental income to the Group.

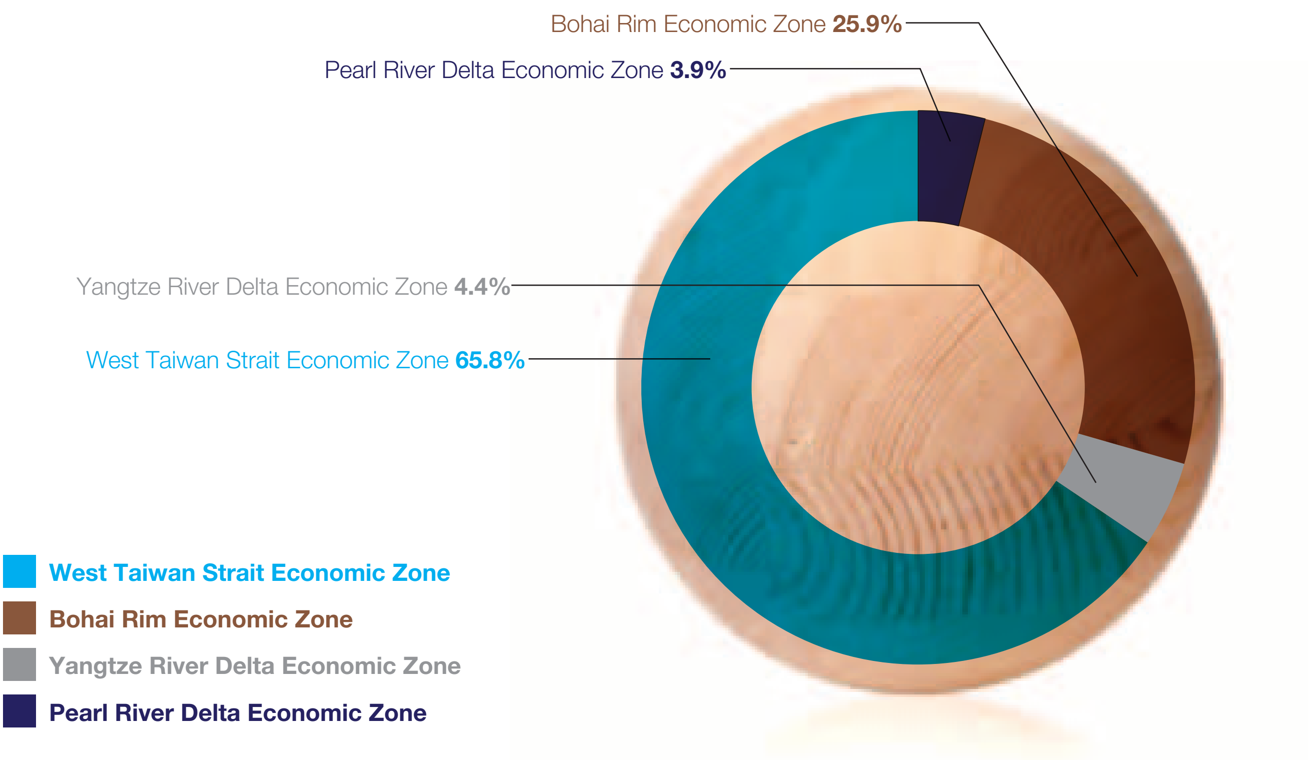

Quanzhou • The Regent


Quanzhou • Sapphire Peninsula

Land Bank

In 2013, the Group acquired a total of eight plots of land in Shanghai, Nanchang of Jiangxi Province as well as Quanzhou and Zhangzhou of Fujian Province with an aggregate GFA of approximately 2.01 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 1.45 million sq.m.), for a total consideration of approximately RMB7.21 billion (the consideration attributable to the Group was approximately RMB5.16 billion). Wherein, the successful bidding for two land parcels located in Hongqiao Central Business District and Putuo District, Shanghai represents the Group's successful penetration into the Yangtze River Delta market. Shanghai is also the third first-tier city after Beijing and Shenzhen where the Group operates its business. The remaining six projects are located in the West Taiwan Strait Economic Zone, which embodies the Group's firm adherence to the strategy of deep exploration of the market of the West Taiwan Strait Economic Zone.

As at 31 December 2013, the Group owned a land bank with an aggregate planned GFA of approximately 9.55 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 6.74 million sq.m.), and the average costs for such land bank were approximately RMB1,251 per sq.m.. In addition, as at 31 December 2013, the three projects of the joint ventures of the Group including SCE Plaza in Shanghai Hongqiao Central Business District, Haicang Vanke Dream Town in Xiamen and Purple Lake International Golf Villa in Jinjiang, owned a land bank with an aggregate planned GFA of approximately 1.26 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 0.41 million sq.m.). From a geographic distribution perspective, the West Taiwan Strait Economic Zone remains the Group's focus for regional development. As at 31 December 2013, approximately 65.8% of the Group's land bank was located in the West Taiwan Strait Economic Zone, approximately 25.9% in the Bohai Rim Economic Zone, approximately 4.4% in Shanghai in the Yangtze River Delta Economic Zone, and the remaining approximately 3.9% in Shenzhen in the Pearl River Delta Economic Zone. The management believes that the Group's existing land bank is sufficient to satisfy its needs for development in the coming three to four years.



OUTLOOK

Since 2013, the PRC Central Government and local governments at all levels have repeatedly introduced macro-control policies to establish a long-term effective mechanism for the macro-control of the real estate sector, which is expected to remain effective in 2014. Given a substantial rise in both sales volume and price in 2013, the management believes that the sales volume and price in the PRC real estate market will remain stable in 2014.

Faced with various uncertainties inherent in the real estate market, the Group will continue to improve in response to the ongoing marco-control policies. The Group will make a prudent plan on further development in light of its financial position.

Project Development Plans for 2014

Properties planned for commencement

In 2014, the Group will make solid progress in the development of projects. The Group has a total of 12 properties planned for commencement for the year, with an aggregate planned GFA of approximately 1.98 million sq.m.. Details of these projects are set out below:

Name of Project	City	Type of Property	Percentage of Interest Attributable to the Group (%)	Total Planned GFA (sq.m.)
Beijing Project	Beijing	Office	100	38,195
The Prestige	Shanghai	High-rise residential, villas and retail shops	100	77,628
Sapphire Boomtown	Nanchang	High-rise residential, villas and retail shops	100	301,225
Fortune Plaza • Imperial Terrace	Quanzhou	High-rise residential, SOHO apartments, office, hotel and retail shops	58	267,634
International Finance Center	Quanzhou	High-rise residential, office and retail shops	34	148,804
SCE Mall	Quanzhou	High-rise residential, SOHO apartments, office, fruit wholesale market and retail shops	60	290,000
Gold Coast Phase 2	Shishi	SOHO apartments and retail shops	45	75,433
Sapphire Residences	Jinjiang	High-rise residential and retail shops	100	163,633
Sapphire Boomtown Phase 3	Zhangzhou	High-rise residential, SOHO apartments and retail shops	100	180,280
Sunshine City Phase 1 (Part B)	Zhangzhou	High-rise residential and retail shops	70	112,078
Sunshine City Phase 1	Langfang	High-rise residential and retail shops	55	241,346
SCE International Community Phase 3	Linfen	High-rise residential and retail shops	100	82,867
Total				1,979,123

MANAGEMENT DISCUSSION AND ANALYSIS

Properties planned for pre-sale

In 2014, the Group will have 10 new projects launched for pre-sale, namely Sunshine City Phase 1 in Shenzhen, Sapphire Boomtown in Nanchang, Sunshine Park Phase 1 and SCE Mall in Quanzhou, Part B of Gold Coast Phase 1 and Phase 2 in Shishi, Sapphire Residences in Jinjiang, Sapphire Boomtown Phase 3 in Zhangzhou, Sunshine City Phase 1 in Langfang and SCE International Community Phase 3 in Linfen. Along with unsold portions of the projects launched for pre-sale in previous years, the Group has a saleable area of approximately 2.3 million sq.m. planned for pre-sale in 2014. In 2014, the Group will continue to increase the proportion of contracted sales amount outside Fujian Province. It is expected that Sunshine City Phase 1 in Shenzhen, Sunshine City Phase 1 in Langfang and Sapphire Boomtown in Nanchang will bring encouraging sales results to the Group.

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly includes sale of properties, rental income and property management income.

The annual revenue increased significantly by approximately 81.2% from approximately RMB3,636,658,000 in 2012 to approximately RMB6,588,124,000 in 2013, which was attributable to the significant increase in property sales income.

- **Sale of properties**

  Income from property sales increased significantly by approximately 82.9% from approximately RMB3,522,162,000 in 2012 to approximately RMB6,440,475,000 in 2013, which was mainly due to the significant increase in delivered area by approximately 86.7% from approximately 404,442 sq.m. in 2012 to approximately 754,989 sq.m. in 2013, despite the decrease in average unit selling price from approximately RMB8,709 per sq.m. in 2012 to approximately RMB8,531 per sq.m. in 2013.

- **Rental income**

  Rental income increased by approximately 17.4% from approximately RMB65,356,000 in 2012 to approximately RMB76,719,000 in 2013, which was mainly attributable to the increase in rental income from the shopping mall of World City in Beijing.

- **Property management income**

  Property management income increased by approximately 44.3% from approximately RMB49,140,000 in 2012 to approximately RMB70,930,000 in 2013, which was mainly attributable to the increase in number and floor area of properties under management.

Cost of Sales

Cost of sales increased significantly by approximately 1.0 times from approximately RMB2,352,023,000 in 2012 to approximately RMB4,742,908,000 in 2013. The increase in cost of sales was mainly attributable to the significant increase in the delivered area.

Gross Profit

Gross profit increased by approximately 43.6% from approximately RMB1,284,635,000 in 2012 to approximately RMB1,845,216,000 in 2013. Gross profit margin decreased from approximately 35.3% in 2012 to approximately 28.0% in 2013. The decrease in gross profit margin was attributable to the decrease in average unit selling price and the delivery of more mid-end products with lower gross profit margin.

Other Income and Gains

Other income and gains increased significantly by approximately 66.5% from approximately RMB97,627,000 in 2012 to approximately RMB162,562,000 in 2013. The increase in other income and gains was mainly attributable to a gain arising from the disposal of a subsidiary in 2013 amounting to approximately RMB80,276,000.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased by approximately 57.9% from approximately RMB381,754,000 in 2012 to approximately RMB602,909,000 in 2013. The increase in the fair value of investment properties was mainly attributable to the value appreciation of the shopping malls of Fortune Plaza • World City in Quanzhou and World City in Beijing.

Selling and Marketing Expenses

Selling and marketing expenses increased by approximately 80.2% from approximately RMB102,389,000 in 2012 to approximately RMB184,547,000 in 2013. The increase in selling and marketing expenses was mainly attributable to the significant increase in the number of projects newly launched for pre-sale.

Administrative Expenses

Administrative expenses increased by approximately 16.4% from approximately RMB259,016,000 in 2012 to approximately RMB301,445,000 in 2013. The increase in administrative expenses was mainly attributable to the increase in administrative staff costs due to employment of additional management personnel and operating expenses to cope with the needs of business expansion.

Finance Costs

Finance costs increased significantly by approximately 1.3 times from approximately RMB107,052,000 in 2012 to approximately RMB246,103,000 in 2013. Finance costs mainly represented borrowing costs of partial of the 2012 Senior Notes which have not been capitalised as such proceeds have not yet been used for projects development.

Income Tax Expense

Income tax expense increased significantly by approximately 86.9% from approximately RMB391,073,000 in 2012 to approximately RMB731,078,000 in 2013. The significantly increase in income tax expense was mainly due to increase in profit before tax as a result of increase in revenue in 2013.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased by approximately 32.1% from approximately RMB672,003,000 in 2012 to approximately RMB887,816,000 in 2013, which was mainly attributable to the increase in revenue. Earnings per share increased by approximately 32.1% from RMB19.6 cents in 2012 to RMB25.9 cents in 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2013, the Group's cash and bank balances were approximately RMB4,365,274,000 (31 December 2012: approximately RMB3,128,290,000), of which approximately RMB4,071,169,000 (31 December 2012: approximately RMB2,373,094,000) was denominated in RMB, approximately RMB22,613,000 (31 December 2012: approximately RMB15,454,000) was denominated in Hong Kong dollars and approximately RMB271,492,000 (31 December 2012: approximately RMB739,742,000) was denominated in US dollars.

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. The Group also places certain deposits in banks in the PRC to secure certain loans from banks in Hong Kong. As at 31 December 2013, the amount of restricted cash and pledged deposits were approximately RMB1,000,670,000 (31 December 2012: approximately RMB678,069,000) and approximately RMB65,000,000 (31 December 2012: approximately RMB173,000,000), respectively.

Borrowings and Pledged Assets

As at 31 December 2013, the balances of the Group's bank and other borrowings and senior notes amounted to approximately RMB5,566,538,000 (31 December 2012: approximately RMB3,760,300,000) and approximately RMB4,132,756,000 (31 December 2012: approximately RMB3,195,049,000), respectively. Of the bank and other borrowings, approximately RMB2,409,326,000 (31 December 2012: approximately RMB2,111,571,000) was repayable within one year, approximately RMB2,427,212,000 (31 December 2012: approximately RMB1,266,898,000) was repayable in the second year and approximately RMB730,000,000 (31 December 2012: approximately RMB381,831,000) was repayable within three to five years. The senior notes of RMB2 billion at a coupon rate of 10.5% due 2016 issued in January 2011 (the "2011 Senior Notes") and the 2012 Senior Notes were for a term of five years and, unless early redeemed, will mature on 14 January 2016 and 14 November 2017, respectively.

As at 31 December 2013, approximately RMB5,566,538,000 (31 December 2012: approximately RMB3,760,300,000) of bank and other borrowings was secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale with a total carrying value of approximately RMB10,979,835,000 (31 December 2012: approximately RMB7,708,590,000). The 2011 Senior Notes and the 2012 Senior Notes were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 31 December 2013, except for certain bank borrowings of approximately RMB210,821,000 (31 December 2012: approximately RMB493,727,000) which were denominated in Hong Kong dollars and a bank borrowing of approximately RMB121,808,000 (31 December 2012: Nil) and the 2012 Senior Notes of approximately RMB2,156,656,000 (31 December 2012: approximately RMB1,228,886,000) which were denominated in US dollars, all the Group's bank and other borrowings were denominated in Renminbi. The 2011 Senior Notes were denominated in Renminbi but have been swapped into US dollars by the various cross currency swap contracts entered into by the Group in 2012.

As at 31 December 2013, except for certain bank borrowings of approximately RMB334,000,000 (31 December 2012: Nil) bearing interest at fixed interest rate, all the Group's bank loans bear interest at floating interest rate. As at 31 December 2013 and 31 December 2012, other borrowings, the 2011 Senior Notes and the 2012 Senior Notes bear interest at fixed interest rate.

Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, the 2011 Senior Notes and the 2012 Senior Notes after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 31 December 2013, the net gearing ratio was 62.7% (31 December 2012: 55.3%).

Exchange Rate Fluctuation Exposures

The majority of the Group's income, expenses, bank deposits and bank and other borrowings are denominated in Renminbi. Save as certain bank deposits, bank borrowings and the 2012 Senior Notes which were denominated in foreign currencies, exchange rate changes of Renminbi against other currencies will not have a material adverse effect on the operation of the Group. In addition, the Group had entered into various cross currency swap contracts in 2012 in order to manage foreign currency risk arising from retranslation of the 2011 Senior Notes held by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 December 2013, the Group provided financial guarantees to the banks in respect of the following items:

	2013	2012
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**4,645,945**	2,877,392

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	2013	2012
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**332,591**	75,804

CAPITAL COMMITMENTS

As at 31 December 2013, the capital commitments of the Group were as follows:

	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**5,711,876**	2,759,219

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development in Mainland China	**197,969**	54,056

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2013, the Group had a total of 1,972 employees (31 December 2012: 1,600 employees). The total cost of employees was approximately RMB174,786,000 (2012: approximately RMB115,002,000). The Group provides employees with competitive remuneration and benefits, and the remuneration policy is reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance its employees' skills and capabilities in all aspects.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band and the respective number of persons for the year ended 31 December 2013 are set out below:

Remuneration bands	Number of persons
RMB500,001 to RMB1,000,000	**4**
RMB1,000,001 to RMB1,500,000	**5**
RMB1,500,001 to RMB2,000,000	**1**
RMB2,000,001 to RMB2,500,000	**3**

Further details of Directors' remuneration and the five highest paid employees are set out in note 9 and 10 to the financial statements, respectively.

DISPOSAL OF A SUBSIDIARY

On 12 August 2013, the Group entered into a sale and purchase agreement with the non-controlling shareholder of Quanzhou Junfu Real Estate Development Co., Ltd. ("Quanzhou Junfu") to dispose of the entire equity interest of the Group in Quanzhou Junfu, a then 51%-owned subsidiary of the Group for a total consideration of RMB182,000,000. The disposal was completed on 12 August 2013.

PROPERTY PROFILE

THE PRESTIGE

Located at southwest of the junction of Wuyuan Bay Road and Jinhu Road, Huli District, Xiamen

Type of property: High-rise residential and villas

Percentage of interest attributable to the Group: 65%

	Planned GFA (sq.m.)	Expected Year of Completion
Completed properties held for sale	4,302	N/A
Properties under development	71,236	2014

THE REGENT

Located in the southern part of Baozhou Road east section, Quanzhou

Type of property: High-rise residential, office and retail shops

Percentage of interest attributable to the Group: 34%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	256,196	2014

GOLD COAST

Located at Yongning Town, Shishi, Quanzhou

Type of property: High-rise residential, villas, low-rise apartments, SOHO apartments, commercial and tourism related integrated development

Percentage of interest attributable to the Group: 45%

	Planned GFA (sq.m.)	Expected Year of Completion
Completed properties held for sale	34,907	N/A
Properties under development	287,744	2014 to 2015
Properties held for future development	891,692	2015 to 2019

SUNSHINE CITY

Located at west of Hongdai Road and south of Tianhu Road, Taiwanese Investment Zone, Zhangzhou

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 70%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	130,742	2014 to 2015
Properties held for future development	298,574	2015 to 2017

ROYAL SPRING CITY

Located at west of Anhai Road and north of Tanggangzi Sanatorium, Qianshan District, Anshan

Type of property: High-rise residential, villas, SOHO apartments, hotel and retail shops

Percentage of interest attributable to the Group: 70%

	Planned GFA (sq.m.)	Expected Year of Completion
Completed properties held for sale	23,202	N/A
Properties under development	135,534	2014 to 2015
Properties held for future development	1,645,139	2017 to 2022

SAPPHIRE BOOMTOWN (EXCEPT PHASE 1)

Located at Shuixian Avenue, Longwen District, Zhangzhou

Type of property: High-rise residential, SOHO apartments and retail shops

Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	163,033	2014
Properties held for future development	208,688	2016 to 2017

PROPERTY PROFILE

FORTUNE PLAZA • MARINA BAY

Located at south of Haixia Sports Center, southeast of Anji Road, Fengze District, Quanzhou

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 58%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	233,151	2014 to 2015

SUNSHINE CITY

Located at north of Sunjiang Road, Jiangnan New District, Quanzhou

Type of property: High-rise residential, SOHO apartments and retail shops

Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	137,902	2015

SCE MALL

Located at south of Baodao West Road and west of Zhenzhong Road, Shishi, Quanzhou

Type of property: High-rise residential, SOHO apartments, office and retail shops

Percentage of interest attributable to the Group: 60%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	297,529	2015

SUNSHINE CITY PHASE 1

Located in Tongle Community, Longgang Road, Longgang District, Shenzhen;
northwest of the cross of Shenzhen-Shantou Highway and Shenzhen-Shantou Expressway

Type of property: High-rise residential and retail shops
Percentage of interest attributable to the Group: 63%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	268,331	2015

THE PRESTIGE

Located at south of Baodao Road, Shishi, Quanzhou

Type of property: High-rise residential and retail shops
Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	111,972	2015

SAPPHIRE BOOMTOWN

Located at east of Lianzhuang Road and north of Tianxing Road, Xinluo District, Longyan

Type of property: High-rise residential
Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	267,240	2015

PROPERTY PROFILE

SCE INTERNATIONAL COMMUNITY (EXCEPT PHASE 1)

Located at the junction of Gulou North Avenue and Banxia Road, Yaodu District, Linfen

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	55,674	2015
Properties held for future development	430,204	2016 to 2019

PARKVIEW BAY

Located at the junction of Jiangbei Avenue and Hubin West Road, Nan'an, Quanzhou

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 80%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	215,332	2015 to 2016

SUNSHINE PARK PHASE 1

Located at Chidian Town, Jinjiang Quanzhou; near Citong Bridge

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 51%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	232,643	2015 to 2016

SUNSHINE TOWN PHASE 2

Located at Nanhuan Road, Xiamei Town, Nan'an, Quanzhou

Type of property: High-rise residential and retail shops
Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	220,229	2015 to 2016

THE PRESTIGE

Located at Wanli Community, Putuo District, Shanghai

Type of property: High-rise residential, villas and retail shops
Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	77,628	2016

SAPPHIRE BOOMTOWN

Located at east of Chuangxin Er Road, south of Aixihu South Road, High-tech Development Zone, Nanchang

Type of property: High-rise residential, villas and retail shops
Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	301,225	2016

PROPERTY PROFILE

FORTUNE PLAZA • IMPERIAL TERRACE

Located at south of Haixia Sports Center, west of Anji Road, Fengze District, Quanzhou

Type of property: High-rise residential, SOHO apartments, office, hotel and retail shops

Percentage of interest attributable to the Group: 58%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	267,634	2016

INTERNATIONAL FINANCE CENTER

Located on the southern part of Baozhou Road East section, Quanzhou

Type of property: High-rise residential, office and retail shops

Percentage of interest attributable to the Group: 34%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	148,804	2016

SCE MALL

Located at Gudian Community of Jinlong Road, Licheng District, Quanzhou

Type of property: High-rise residential, SOHO apartments, office, fruit wholesale market and retail shops

Percentage of interest attributable to the Group: 60%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	290,000	2016

SAPPHIRE RESIDENCES

Located at southeast of Yingbin Avenue, Jinjiang, Quanzhou

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	163,633	2016

SUNSHINE CITY

Located at north of North Outer Ring Road, Yanjiao Development Zone, Sanhe, Langfang

Type of property: High-rise residential and retail shops

Percentage of interest attributable to the Group: 55%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	424,777	2016 to 2017

BEIJING PROJECT

Located at Dewai Avenue, Xicheng District, Beijing

Type of property: Office

Percentage of interest attributable to the Group: 100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	38,195	2017

PROPERTY PROFILE

WORLD CITY

Located at east of Meilin Avenue and north of Jiangbei Avenue, Nan'an, Quanzhou

Type of property: SOHO apartments, office, shopping mall and retail shops

Percentage of interest attributable to the Group: 80%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	444,668	2017 to 2019

EXECUTIVE DIRECTORS

Wong Chiu Yeung (黃朝陽), aged 48, is one of the founders of the Group and the chairman of the Board and President of the Company. Mr. Wong was appointed as an executive Director on 30 November 2007, as well as the chairman of the nomination committee of the Company (the "Nomination Committee") and a member of the remuneration committee of the Company (the "Remuneration Committee") and is also the director of certain subsidiaries of the Company established in the PRC, Hong Kong and the British Virgin Islands. Mr. Wong is responsible for formulating business development strategies for the Group, marketing management and commercial property management. Since his involvement in the development of the Group's first project in 1996, Mr. Wong has been involved in all of the projects developed by the Group thereafter, and has about 18 years of experience in real estate development. Mr. Wong is a member of the National Committee of Chinese People's Political Consultative Conference (中國政治協商會議全國委員會), vice chairman of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會), guest professor of Nanchang University (南昌大學), vice chairman of the board of directors of Quanzhou Normal University (泉州師範學院), chairman of the board of directors of Nan'an Overseas Chinese Middle School (南安華僑中學), permanent honorable chairman of Hong Kong Federation of Fujian Association (香港福建社團聯會). Mr. Wong holds an Executive Master Degree of Business Administration of Xiamen University. Mr. Wong Chiu Yeung is the father of Mr. Wong Lun and Mr. Wong To, senior management of the Group.

Chen Yuanlai (陳元來), aged 47, is one of the founders of the Group and the vice chairman of the Board of the Company. Mr. Chen was appointed as an executive Director on 12 August 2009 and is also the director of certain subsidiaries of the Company established in the PRC, Hong Kong and the British Virgin Islands. Mr. Chen is responsible for formulating business development strategies for the Group. Since his involvement in the development of the Group's first project in 1996, he has been involved in all of the projects developed by the Group thereafter, and has about 18 years of experience in real estate development. Mr. Chen also has extensive experience in investment management and project management through his involvement in all projects developed by the Group. Mr. Chen was a representative of the Second Session of the People's Congress of Fengze District in Quanzhou (泉州市豐澤區第二屆人民代表大會). Mr. Chen completed the Executive Management course in Business Administration of Commercial Real Estate Development and Funding, a one year programme offered by School of Professional and Continuing Education of Hong Kong University and Fudan University, Shanghai, in May 2008. Mr. Chen is currently attending an Executive Master of Business Administration programme in Xiamen University.

Cheng Hiu Lok (鄭曉樂), aged 49, is one of the founders of the Group and the vice chairman of the Board of the Company. Mr. Cheng was appointed as an executive Director on 12 August 2009 and is also the director of certain subsidiaries of the Company established in the PRC, Hong Kong and the British Virgin Islands. Mr. Cheng is responsible for formulating business development strategies for the Group. Since his involvement in the development of the Group's first project in 1996, he has been involved in all of the projects developed by the Group thereafter. Mr. Cheng has about 18 years of experience in real estate development. Mr. Cheng also has extensive experience in investment management, project management and construction management through his involvement in the projects developed by the Group. Mr. Cheng completed his college education at Fujian Normal University (福建師範大學) in 1987.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Li Wei (**李維**), aged 43, is an executive Director and the executive vice president of the Company, as well as the chairman of the corporate governance committee of the Company (the "Corporate Governance Committee"). Mr. Li was appointed as an executive Director on 12 August 2009 and is also the director of certain subsidiaries of the Company established in the PRC and Hong Kong. Mr. Li is responsible for the daily operational management and operation plan of the Group, including management of Office of President and Markets Development Department. Before joining the Group in June 2006, Mr. Li was the general manager of the Corporate Operations Department and the Credit Department of the Xiamen Branch of China Construction Bank. Mr. Li graduated from the Department of Banking and Finance of Xiamen University with a Bachelor's degree in Economics in 1992.

Huang Youquan (**黃攸權**), aged 45, is an executive Director and the vice president of the Company. Mr. Huang was appointed as an executive Director on 1 May 2011 and is also the director of certain subsidiaries of the Company established in the PRC and Hong Kong. Mr. Huang is responsible for the financial management of the Group. Before joining the Group in 2003, Mr. Huang was the audit manager and assistant to the head of the Xiamen office of Fujian Hongshen Accounting Firm (福建弘審會計師事務所有限公司廈門分公司). Mr. Huang graduated from the Department of Mathematics of Xiamen University with a Bachelor's degree in Science in 1991. Mr. Huang is a PRC Certified Public Accountant and a member of the Fujian Institute of Certified Public Accountants. Mr. Huang has completed an Executive Master of Business Administration programme in Xiamen University.

NON-EXECUTIVE DIRECTOR

Fung Ka Pun (馮家彬), aged 68, was appointed as a non-executive Director of the Company on 6 January 2010 and resigned on 6 January 2013. Mr. Fung was also the director of certain subsidiaries of the Company established in the PRC and Hong Kong and a director of Mateland Holdings Limited, a joint venture partner of The Regent (Xiamen) of the Company before his resignation. Mr. Fung is a fellow member of the Association of International Accountants and a member of the Institute of Chartered Secretaries & Administrators. Mr. Fung is an independent non-executive director of two companies listed on the Hong Kong Stock Exchange, namely Yuexiu Transport Infrastructure Limited (1052) and Lee Hing Development Limited (0068). From April 2010 to September 2011, Mr. Fung was an executive director and vice chairman of the board of directors of Hao Tian Resources Group Limited (0474), a company which is listed on the Hong Kong Stock Exchange. From August 2006 to June 2012, Mr. Fung was an independent non-executive director of Samling Global Limited, a company previously listed on the Hong Kong Stock Exchange and was privatised by way of a scheme of arrangement in June 2012. Mr. Fung is the founder and chairman of Goodwill International (Holdings) Limited. Mr. Fung has over 30 years of experience in finance, securities and corporate finance business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ting Leung Huel Stephen (丁良輝), aged 60, MH, FCCA, FCPA (Practising), CTA (HK), ACA, FHKIoD, was appointed as an independent non-executive Director of the Company on 6 January 2010 and is also the chairman of the audit committee of the Company (the "Audit Committee") and a member of the Remuneration Committee and Corporate Governance Committee. Mr. Ting is an accountant in public practice and has more than 30 years of experience in this field. Currently, he is the managing partner of Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting is a member of the 9th, 10th and 11th Chinese People's Political Consultative Conference, Fujian. Mr. Ting is a non-executive director of Chow Sang Sang Holdings International Limited (0116) and an independent non-executive director of six other companies listed on the Hong Kong Stock Exchange, namely Tong Ren Tang Technologies Company Limited (1666), Tongda Group Holdings Limited (0698), JLF Investment Company Limited (0472), Computer and Technologies Holdings Limited (0046), Texhong Textile Group Limited (2678) and Dongyue Group Limited (0189). From June 2002 to November 2011, Mr. Ting was an independent non-executive director of MMG Limited (formerly known as "Minmetals Resources Limited") (1208), a company listed on the Hong Kong Stock Exchange.

Lu Hong Te (呂鴻德), aged 53, was appointed as an independent non-executive Director of the Company on 6 January 2010 and is also a member of the Audit Committee, Nomination Committee and Corporate Governance Committee. Mr. Lu obtained a Bachelor's degree in Industrial and Information Management from National Cheng Kung University in 1983, and a Master's degree and a Doctoral degree in Marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University in 1985 and 1992, respectively. Mr. Lu is a professor at the Department of Business Administration of Chung Yuan Christian University in Taiwan, specialising in marketing management and corporate competitive strategies. He also serves as a visiting professor at institutions including National University of Singapore, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center. Mr. Lu is an independent non-executive director of Capxon International Electronic Company Limited (0469), ANTA Sports Products Limited (2020) and China Lilang Limited (1234), the shares of which are listed on the Hong Kong Stock Exchange. Mr. Lu is also an independent director of two companies in Taiwan, namely Firich Enterprises Co., Ltd. (8076) and Lanner Electronics Inc. (6245), the shares of which are traded in the Gre Tai Securities Market in Taiwan. From January 2007 to June 2012, Mr. Lu was an independent director of Everlight Chemical Industrial Corporation (1711), a company which is listed on the Taiwan Stock Exchange Corporation. From May 2006 to January 2014, Mr. Lu was an independent director of Aiptek International Inc. (6225), a company which is listed on the Taiwan Stock Exchange Corporation.

Dai Yiyi (戴亦一), aged 46, was appointed as an independent non-executive Director of the Company on 6 January 2010 and is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Dai is the vice dean and a full-time professor of the Executive Master of Business Administration programme of the School of Management of Xiamen University and also serves as an adjunct professor for real estate CEO programmes hosted by Tsinghua University and Peking University. From 1997 to 2001, Mr. Dai served as the research secretary, assistant to the dean and vice dean of the Planning and Statistics Department at the School of Economics of Xiamen University. From 2003 to 2007, Mr. Dai served as the deputy head and then the head of the Executive Master of Business Administration programme for senior management personnel held by the School of Management of Xiamen University. Mr. Dai was a senior visiting scholar at the School of Management of McGill University (Canada) in 2002 and a senior visiting scholar at Northwestern University (USA) from 2007 to 2008. Mr. Dai has been a consultant with the Fujian Real Estate Association since 2005. Mr. Dai is an independent non-executive director of Mingfa Group (International) Company Limited (0846), a company listed in Hong Kong, and is an independent director of Xiamen International Trade Group Corp., Ltd. (600755), which is listed on the Shanghai Stock Exchange, and is an independent director of New Hua Du Supercenter Co., Ltd. (002264) since May 2013, which is listed on the Shenzhen Stock Exchange. From April 2007 to April 2013, Mr. Dai was an independent director of Xiamen C&D Inc. (600153), a company which is listed on the Shenzhen Stock Exchange. From July 2007 to July 2013, Mr. Dai was an independent director of Fujian Septwolves Industry Co., Ltd. (002029), a company which is listed on the Shenzhen Stock Exchange. From December 2008 to December 2012, Mr. Dai was an independent director of Guangdong Shirongzhaoye Co., Ltd. (002016), a company which is listed on the Shenzhen Stock Exchange. Mr. Dai graduated from Xiamen University with a Bachelor's degree in Economics in 1989, and received a Doctoral degree in Economics from Xiamen University in 1999. He also completed training at the 6th Ford Program of the Sino-American Economics Training Centre of Renmin University of China. Mr. Dai was awarded a certificate as a PRC certified property valuer in 1997.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Liu Zhijie (**劉志傑**), aged 57, is the vice president of the Company. He is also the director of certain subsidiaries of the Company established in the PRC. He is responsible for the construction management of the Group. Mr. Liu joined the Group in 1998. Mr. Liu completed his college education in Civil Engineering at Fujian College of Architecture and Civil Engineering (福建省建築高等專科學校) in 1981. Mr. Liu possesses extensive experience in construction and cost management. Mr. Liu was an executive Director of the Company from May 2011 to May 2012.

Li Siu Po (**李少波**), aged 45, is the financial controller and company secretary of the Company. He is responsible for the financial reporting, investor relations and company secretarial work of the Group. Before joining the Group in January 2008, Mr. Li was a manager of one of the international CPA firms. Mr. Li graduated from the Department of Accounting in Hong Kong Polytechnic University with a Bachelor's degree in Accountancy in 1994. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Li has extensive experience in financial management and auditing.

Tang Xiaojuan (**湯筱娟**), aged 41, is the assistant president of the Company. She is responsible for commercial property and property management of the Group. Prior to joining the Group in August 2002, Ms. Tang served as the office manager of Xiamen Yong Hong Ji Real Estate Development Company Limited (廈門永宏基房地產開發有限公司). Ms. Tang graduated from the Department of International Trade and Economics in Jiangxi University of Finance and Economics (江西財經學院) with a Bachelor's degree in Economics in 1994. Ms. Tang is currently attending an Executive Master of Business Administration programme in Xiamen University.

Ku Weihong (**庫衛紅**), aged 45, is the assistant president of the Company. She is responsible for internal audit & legal affairs as well as administrative and human resources management of the Group. Prior to joining the Group in November 2010, Ms. Ku served as the chief legal officer of Powerlong Real Estate Holdings Limited. Ms. Ku graduated from the Department of Law of Peking University with a Bachelor's degree in Law in 1990. Ms. Ku holds the lawyer qualification certificate of the PRC and has extensive experience in legal affairs.

Zheng Quanlou (**鄭全樓**), aged 42, is the assistant president of the Company. He is responsible for design management of the Group. Before joining the Group in November 1998, Mr. Zheng was the on-site manager of Quanzhou Dong Hai Development Company Limited (泉州市東海開發有限公司). Mr. Zheng completed his college education in construction engineering at College of Architecture and Civil Engineering of Fujian (福建省建築高等專科學校) in 1992 and obtained his Bachelor's degree from the Department of Civil Engineering of Fujian Agriculture and Forestry University in 2009. Mr. Zheng is a PRC Registered Cost Engineer, and serves as an expert of bid evaluation of construction project in Quanzhou since 2006. Mr. Zheng is currently attending an Executive Master of Business Administration programme in Xiamen University.

Zhang Haitao (**張海濤**), aged 45, is the general manager of the Finance Department. She is responsible for the financial management of the Group. Before joining the Group in January 2007, Ms. Zhang was the senior manager of Xiamen Tianjian Huatian Accounting Firm (廈門天健華天會計師事務所). Ms. Zhang graduated from the Department of Accounting of Xiamen University with a Bachelor's degree in Economics in 1990. Ms. Zhang is a PRC Certified Public Accountant and a senior accountant with extensive auditing experience. Ms. Zhang has completed an Executive Master of Business Administration programme in Xiamen University.

Liu Chao (劉超), aged 38, is the general manager of the Construction Department. He is responsible for construction management of the Group. Prior to joining the Group in August 1999, Mr. Liu served as an engineer of China Railway Engineering Corporation. Mr. Liu graduated from the Department of Civil Engineering of Shanghai Tiedao University (上海鐵道大學) with a Bachelor's degree in Engineering in 1996.

Wang Yue (王躍), aged 38, is the general manager of the Design Department. Before joining the Group in May 2002, Mr. Wang was a project manager in China Construction Second Engineering Bureau Ltd. (中國建築第二工程局有限公司). Mr. Wang completed his college education in construction engineering at College of Architecture and Civil Engineering of Chongqing (重慶建築高等專科學校) in 1998. Mr. Wang is currently attending an Executive Master of Business Administration programme in Xiamen University.

Wong Lun (黃倫), aged 27, is the general manager of the Commercial Real Estate Department. He is responsible for the commercial real estate management of the Group. Mr. Wong joined the Group in September 2010. Mr. Wong was graduated from the School of Engineering of University of Warwick with a Bachelor degree of Science in Engineering and Business Studies in 2010. Mr. Wong Lun is the son of Mr. Wong Chiu Yeung, an executive director and chairman of the Board.

Wong To (黃濤), aged 25, is the general manager of the Marketing Department. He is responsible for sales and marketing of the Group. Mr. Wong joined the Group in October 2011. Mr. Wong has studied project management for construction in University of London. Mr. Wong is currently attending an Executive Master of Business Administration programme in Xiamen University. Mr. Wong To is the son of Mr. Wong Chiu Yeung, an executive Director and chairman of the Board.

COMPANY SECRETARY

Li Siu Po (李少波), a member of senior management of the Group, is the financial controller and company secretary of the Company. The biography of Mr. Li is set forth above.

CORPORATE GOVERNANCE REPORT

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

The Company has been committed to maintain a high standard of corporate governance so as to enhance the operational efficiency of the Company. The Company believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders.

During the year ended 31 December 2013, the Company and the Board had been in compliance with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), save as disclosed in the paragraphs headed "Chairman and Chief Executive Officer".

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions of Directors of Listing Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors.

The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the year under review.

THE BOARD OF DIRECTORS

Board Composition

The members of the Board of the Company during the year ended 31 December 2013 are set out below:

Executive Directors
Mr. Wong Chiu Yeung *(Chairman)*
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Li Wei
Mr. Huang Youquan

Non-executive Director
Mr. Fung Ka Pun (Resigned on 6 January 2013)

Independent non-executive Directors
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biography of Directors and Senior Management" in the annual report. There is no financial, business, family or other material/relevant relationships between Board members.

Mr. Ting Leung Huel Stephen, one of the independent non-executive Directors, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules which states that "at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise".

Mr. Fung Ka Pun, a former non-executive Director, resigned as non-executive Director of the Company with effect from 6 January 2013 due to his wish to focus his time and efforts pursuing his personal business development in the future. After his resignation, Mr. Fung Ka Pun has been engaged as the Company's consultant since January 2013.

In accordance with the provision A.1.8 of the Code, the Company has arranged appropriate insurance cover for the Directors in respect of any possible legal action against them.

In accordance with the provision A.5.6 of the Code, the board of issuers shall adopt diversified measurable targets for the purposes of the diversity of the board. The Company has created the measurable targets in the following areas, including expertise, experience, knowledge, professional skills, education background, independence, age, etc. In doing so, the Company will ensure its Directors will reach the eligible level in terms of their expertise, industrial experience, education background, independence, age and other factors, which enables them to make corresponding contributions to the Board whenever necessary and practicable. Please refer to the paragraph headed "Nomination Committee" of this corporate governance report regarding details of the board diversity policy adopted by the Board.

In accordance with Rule 3.29 of the Listing Rules, for each financial year, the company secretary of an issuer must spend not less than fifteen hours in training programs tailored for the related profession. During the year, the Company confirmed that the company secretary, Mr. Li Siu Po, had participated in proper training programs for not less than fifteen hours to ensure his expertise is in line with all the requirements as applicable to him.

In accordance with the provision A.6.5 of the Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the year, all the Directors have complied with the requirement of provision A.6.5 of the Code through attending trainings or reading materials relevant to the Company's business or to director's duties and responsibilities.

Directors' Responsibilities

The Board is responsible to all shareholders for supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policy and monitoring the performance of the senior management, so as to achieve high efficiency in relevant business of the Company. The senior management is responsible for the daily management and specific operation of the Group.

Directors' Attendance Record at Meetings

Pursuant to the provision A.1.1 of the Code, the board of issuers should meet regularly and board meetings should be held at least four times a year. For the year ended 31 December 2013, the Company has held five board meetings, and passed two written resolutions in respect of special matters. It is considered that the Directors were well acknowledged to the operation of the Group for the year under review. The attendance of each Director for the board meetings and general meeting of the Company is contained in the following table:

	Number of attendance/ Number of board meetings	**Written resolutions**	**Number of attendance/ Total number of general meetings**
Executive Directors:			
Mr. Wong Chiu Yeung	5/5	2/2	2/2
Mr. Chen Yuanlai	4/4[1]	2/2	0/2
Mr. Cheng Hiu Lok	4/4[1]	2/2	0/2
Mr. Li Wei	4/4[1]	2/2	2/2
Mr. Huang Youquan	4/4[1]	2/2	0/2
Non-executive Director:			
Mr. Fung Ka Pun (resigned on 6 January 2013)	0/0	0/0	0/0
Independent non-executive Directors:			
Mr. Ting Leung Huel Stephen	5/5	2/2	1/2
Mr. Lu Hong Te	5/5	2/2	1/2
Mr. Dai Yiyi	4/5[2]	2/2	0/2[3]

1 Except for chairman of the Company, Mr. Wong Chiu Yeung, all executive Directors absented themselves from the board meeting held on 14 August 2013 where the composition of the executive Directors and their terms of references were discussed.

2 Due to other business engagements, Mr. Dai Yiyi, an independent non-executive Director, was unable to attend the board meeting of the Company held on 14 August 2013 where the composition of the executive Directors and their terms of references were discussed.

3 Due to other business engagements, Mr. Dai Yiyi, an independent non-executive Director and the chairman of the Remuneration Committee, could not attend the annual general meeting of the Company held on 16 May 2013.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year under review, Mr. Wong Chiu Yeung performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

COMPLIANCE OF NON-COMPETITION DEED

The Company entered into a non-competition deed (the "Non-competition Deed") with Mr. Wong Chiu Yeung on 6 January 2010 pursuant to which Mr. Wong has undertaken to the Company not to compete with any business of the Group and shall use his best endeavors to procure his affiliates not to engage in, assist or support a third party in the operation of, or participate or be interested in any property development business in the PRC. Furthermore, Mr. Wong has undertaken to the Company (for itself and for the benefit of the Group) that during the term of the Non-competition Deed to procure any investment or commercial opportunity relating to property development business in the PRC that he or any of his affiliates identifies or proposes or that is offered or presented to them by a third party to first refer such opportunity to the Company in accordance with terms of the Non-competition Deed.

The Company has received a declaration from Mr. Wong of his compliance with the terms of the Non-competition Deed during the year ended 31 December 2013 and up to the date of this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received the written confirmation from each of the independent non-executive Directors, confirming that he has met the independence requirement set out in Rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive Directors are independent under these independence requirements.

The independent non-executive Directors play an important role in applying their independent analysis and professional judgments to provide a professional and fair view to the decisions of the Board. This is not only beneficial to the warranty of the scientific element of the decision, but also enhancing the protection of interests of the Company and the shareholders.

Please refer to the paragraph headed "Directors' Service Contracts" in the "Report of the Directors" of this annual report for the term of appointment of non-executive Directors.

REMUNERATION COMMITTEE

According to the provisions of the Code, the Company established its Remuneration Committee on 6 January 2010. Under Rule 3.25 of the Listing Rules, the remuneration committee of issuers must appoint an independent non-executive director as the chairman, and the majority of the members shall be independent non-executive directors. With effect from 1 April 2012, the Remuneration Committee, comprising of Mr. Wong Chiu Yeung (an executive Director) and Mr. Ting Leung Huel Stephen (an independent non-executive Director), is chaired by Mr. Dai Yiyi, an independent non-executive Director.

The prime duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- to make recommendations to the Board on the remuneration of non-executive Directors.

During the year under review, the Remuneration Committee held one meeting to discuss the 2012 management bonus and 2013 salary under the service contracts for executive Directors. Details of the attendance by members of the Remuneration Committee are set out as below:

	Number of attendance/ Total number of meeting
Mr. Dai Yiyi	1/1
Mr. Wong Chiu Yeung	1/1
Mr. Ting Leung Huel Stephen	1/1

NOMINATION COMMITTEE

According to the provisions of the Code, the Company established the Nomination Committee on 6 January 2010. Under the provision A.5.1 of the Code, the majority of the nomination committee of issuers must be independent non-executive directors, and the chairman of the board or an independent non-executive director must be appointed as the chairman of this committee. With effect from 1 April 2012, the Nomination Committee, comprising of independent non-executive Directors Mr. Lu Hong Te and Mr. Dai Yiyi, is chaired by Mr. Wong Chiu Yeung, chairman of the Board.

The prime duties of the Nomination Committee are:

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

During the year under review, the Nomination Committee held two meetings to discuss the composition of the Board and the terms of reference, the diversity policies for the Board, and other issues. Details of the attendance by members of the Nomination Committee are set out as below:

	Number of attendance/ Total number of meetings
Mr. Wong Chiu Yeung	2/2
Mr. Lu Hong Te	2/2
Mr. Dai Yiyi	1/2[1]

1 Due to other business engagements, Mr. Dai Yiyi, an independent non-executive Director, was unable to attend the board meeting of the Company held on 14 August 2013 where the composition of the executive Directors and their terms of references were discussed.

Pursuant to the new code provision of the Code which became effective on 1 September 2013 which requires a policy concerning diversity of board members (the "Board Diversity Policy") to be adopted by listed issuer, on 14 August 2013, the Nomination Committee proposed and the Board approved and adopted the Board Diversity Policy.

Accordingly, the Company and the Nomination Committee periodically review the Board Diversity Policy, and monitor the progress on achieving the measurable objectives (the "Measurable Objectives") which are set for implementing diversity on the Board. For the year ended 31 December 2013, the Board has adopted and the Company has achieved the following Measurable Objectives:

(a) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;

(b) To ensure at least 35% of the members of the Board have more than 10 years of experience of real estate development;

(c) To ensure the appropriate proportion of the independent non-executive Directors to the executive Directors in order to maintain the independence of the Board. In particular, at least 35% of the members of the Board shall be independent non-executive Directors;

(d) To ensure at least 60% of the members of the Board shall have attained bachelor's degree or higher level of education;

(e) To ensure the age distribution of the members of the Board comprised of people from at least three decades.

AUDIT COMMITTEE

According to the provisions of the Code, the Company established the Audit Committee on 6 January 2010. Under Rule 3.21 of the Listing Rules, the audit committee of issuers must comprise of all non-executive directors. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, Mr. Lu Hong Te and Mr. Dai Yiyi as members.

The prime duties of the Audit Committee are:

- responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and other terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and to review significant financial reporting judgments contained in them;
- oversight of the Company's financial reporting system and internal control procedures.

During the year under review, the Audit Committee held two meetings to review the 2012 annual report and the 2013 interim report of the Company. Details of the attendance by members of the Audit Committee are set out as below:

	Number of attendance/ Total number of meetings
Mr. Ting Leung Huel Stephen	2/2
Mr. Lu Hong Te	2/2
Mr. Dai Yiyi	1/2[1]

1 Due to other business engagements, Mr. Dai Yiyi, an independent non-executive Director, was unable to attend the board meeting of the Company held on 14 August 2013 where the 2013 interim report was reviewed.

CORPORATE GOVERNANCE COMMITTEE

Pursuant to the provision D.3.1 of the Code, the Company established the Corporate Governance Committee on 1 April 2012 to better implement and review the policies and practices on corporate governance. Mr. Li Wei, an executive Director, was appointed as chairman of the Corporate Governance Committee and Mr. Ting Leung Huel Stephen and Mr. Lu Hong Te, both independent non-executive Directors, were appointed as members of the Corporate Governance Committee.

The prime duties of the Corporate Governance Committee are:

- to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board;

- to review and approve the annual corporate governance report and related disclosures in the annual and interim reports of the Company and ensuring compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Company;

- to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies, and in particular to monitor the implementation of the Company's plans to maintain high compliance with its own risk management standards;

- to review and monitor the training and continuous professional development of directors and senior management;

- to review the Company's compliance with the corporate governance code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual reports.

During the year under review, the Corporate Governance Committee met once to discuss the adoption of the corporate governance codes. Details of the attendance by members of the Corporate Governance Committee are set out as below:

	Number of attendance/ Total number of meeting
Mr. Li Wei	1/1
Mr. Ting Leung Huel Stephen	1/1
Mr. Lu Hong Te	1/1

AUDITORS' REMUNERATION

For the year under review, the fees paid to the auditor of the Company, Ernst & Young, in respect of the audit services and non-audit services provided to the Company amounted to approximately RMB2,945,000 and approximately RMB836,000, respectively.

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment and removal of the auditors. The Audit Committee recommended the re-appointment of Ernst & Young as the external auditors of the Group for the year ending 31 December 2014, subject to the approval of the shareholders at the annual general meeting of the Company.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2013, and confirm that the financial statements give a true view of the financial positions and results of the Company and the Group as at the date and for the year of the date ended, and are prepared 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. The statement of the external auditors of the Company, Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on page 63.

INTERNAL CONTROLS

The Board is fully responsible for maintaining proper and effective internal controls and for regularly reviewing the operational efficiency of the financial, operational, compliance, risk controls, human resources and other aspects of the system in order to safeguard the independence of the respective duties and powers of the Group which in turn protecting the investment of shareholders and the assets of the Company.

The Audit and Legal Department of the Company is responsible for regular review and audit of the finance and operation of the Company and its subsidiaries for the purpose of ensuring the internal controls are in place and functioning properly as intended. For weaknesses of internal controls and accounting procedures of the Group which the external auditors have identified and reported to the Company, the Company would pay full attention to the recommendations made by the external auditors and make appropriate improvements.

Besides, the Company has also appointed Ernst & Young (China) Advisory Limited to examine and evaluate the internal control system of the Company for the year. The 2013 internal control assessment report revealed that no material control weakness was identified.

During the year under review, the Board has constructed a review on the internal control system of the Group and its effectiveness and concluded that the internal control system of the Company was adequate and effective during the year.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

Establishing a good relationship with investors plays a vital role in enhancing the operational efficiency of the Company and in protecting interests of the shareholders. The Company insists a transparent, honest and timely disclosure of related information on the business development of the Company through various channels to ensure that the shareholders and investors have an adequate understanding of the operations of the Company.

A full report will be published on our website at http://www.sce-re.com. The website of the Company also provides information such as e-mail address, correspondence address, telephone numbers, etc. for making inquiries to the Company in order to maintain effective communication with the shareholders and investors. In addition, interim and annual reports, circulars and notices of the Company will be despatched to shareholders in due course.

During the year, the Company has received numerous visits from investors and arranged investors and analysts to visit the Group's property sites at various locations. The Company has also presented to them the development strategies and business operation status of the Company. The Company also participated in various investor conferences and non-deal roadshows to enhance the industry awareness of the Company. The management believes actively seeking face-to-face communication with shareholders and investors is the best way to enhance their confidence in the Company. Particulars of the investors' meetings during the year are set out in the following table:

Date	Description	Place	Host
25–26 April 2013	HSBC 4th Annual Greater China Property Conference	Hong Kong	HSBC
13–16 May 2013	Morgan Stanley 4th Annual Hong Kong Investor Summit	Hong Kong	Morgan Stanley
10–11 June 2013	Nomura Investment Forum Asia	Singapore	Nomura
27–28 June 2013	Citi Asia Pacific Property Conference	Hong Kong	Citibank
6–8 November 2013	Bank of America Merrill Lynch China Conference 2013	Beijing	Bank of America Merrill Lynch
27–28 November 2013	Nomura High-yield Conference	Hong Kong	Nomura

The Company's annual general meeting of shareholders is a good opportunity for communication between the Board and shareholders of the Company. Notice of annual general meeting and related documents will be sent to the shareholders pursuant to the requirements of the Listing Rules, and will be published on the website of the Hong Kong Stock Exchange and that of the Company.

SHAREHOLDERS' RIGHTS

1. Procedures for shareholders to convene an extraordinary general meeting

1.1 The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 58 of the articles of association of the Company:

(1) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(2) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at ir@sce-re.com.

(3) The EGM shall be held within two months after the deposit of such Requisition.

(4) If the Board fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

2. Procedures for raising enquiries

2.1 Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.

2.2 Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@sce-re.com.

2.3 Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

3. Procedures and contact details for putting forward proposals at shareholders' meetings

3.1 To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal ("Proposal") with his/her/its detailed contact information via email at the email address of the Company at ir@sce-re.com.

3.2 The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong share registrar and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

3.3 The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting;

(2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution in an extraordinary general meeting;

(3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval in an extraordinary general meeting other than by way of a special resolution of the Company.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in property development, property investment and property management in the PRC during the year. Details of the principal activities of the subsidiaries are set out in note 21 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 65 to 163.

An interim dividend of HK6 cents per ordinary share was paid on 30 September 2013. The Directors do not recommend the payment of any final dividend for the year ended 31 December 2013.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 164. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 19 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in note 24 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 37 to the financial statements.

PRE-EMPTIVE RIGHTS

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

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 38(e) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2013, the Company's reserves available for distribution calculated in accordance with the provisions of the Companies Law of the Cayman Islands amounted to approximately RMB1,476,373,000.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling of approximately RMB5,905,000.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, sales to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

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

DIRECTORS

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

Executive Directors:
Mr. Wong Chiu Yeung
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Li Wei
Mr. Huang Youquan

Non-executive Director:
Mr. Fung Ka Pun (resigned on 6 January 2013)

Independent non-executive Directors:
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

In accordance with article 84 of the Company's articles of association, at each annual general meeting, one third of the directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. The directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of directors upon reaching any age limit.

Mr. Chen Yuanlai, Mr. Li Wei and Mr. Lu Hong Te will retire as Directors at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at the meeting.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from all the three independent non-executive Directors and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 37 to 41 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok and Mr. Li Wei, being executive Directors, has entered into a service contract with the Company for a term of three years commencing from 5 February 2010. Mr. Huang Youquan, being an executive Director, has entered into a service contract with the Company for a term from 1 May 2011 to 4 February 2013. Each of their service contracts is renewable automatically upon the expiry of the then current term of appointment, subject to termination by either party giving not less than three months' written notice.

The Company has issued a letter of appointment to each of Mr. Fung Ka Pun, being a non-executive Director, Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi, being independent non-executive Directors for an initial term of three years commencing from 6 January 2010. Upon expiry of the initial term, Mr. Fung Ka Pun has tendered his resignation as a non-executive Director with effect from 6 January 2013 (details of his resignation are set out in the announcement of the Company dated 7 January 2013); and the Company has issued a letter of appointment to each of Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi, for their appointment as independent non-executive Directors for a term of three years commencing from 6 January 2013 to 5 January 2016, which is renewable automatically thereafter for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, subject to termination by either party giving not less than two months' written notice and the retirement by rotation requirement in accordance with the articles of association of the Company and the Listing Rules.

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

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions set out in note 45 to the financial statements and the transaction specified in the paragraph headed "Connected Transaction" in this section, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

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

At 31 December 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares (the "Shares") of the Company:

	Interest in Shares			
Name of Director	**Beneficial Owner**	**Interest of controlled corporation**	**Total number of Shares held or interested**	**Percentage of the Company's issued share capital**
Mr. Wong Chiu Yeung ("Mr. Wong")	3,600,000	1,968,000,000 (Note 1)	1,971,600,000	57.58%
Mr. Chen Yuanlai ("Mr. Chen")	–	144,000,000 (Note 2)	144,000,000	4.21%
Mr. Cheng Hiu Lok ("Mr. Cheng")	–	144,000,000 (Note 3)	144,000,000	4.21%

Note 1: These 1,968,000,000 Shares are registered in the name of Newup Holdings Limited ("Newup"). Mr. Wong holds 100% of the entire issued share capital of Newup and is deemed to be interested in the 1,968,000,000 Shares held by Newup pursuant to the SFO.

Note 2: These 144,000,000 Shares are registered in the name of Rising Trade Holdings Limited. Mr. Chen holds 100% of the entire issued share capital of Rising Trade Holdings Limited and is deemed to be interested in the 144,000,000 Shares held by Rising Trade Holdings Limited pursuant to the SFO.

Note 3: These 144,000,000 Shares are registered in the name of Wealthy Gate Holdings Limited. Mr. Cheng holds 100% of the entire issued share capital of Wealthy Gate Holdings Limited and is deemed to be interested in the 144,000,000 Shares held by Wealthy Gate Holdings Limited pursuant to the SFO.

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The participants of the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The Scheme became effective on 6 January 2010 and unless otherwise cancelled or amended, will remain in force for a period of 10 years to 5 January 2020.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% 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 share 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 of the Company. 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 or 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 5 business days from the date of delivery of the offer letter, 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, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of the grant of the share options.

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Hong Kong 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.

Further details of the Scheme are disclosed in note 37 to the financial statements. No share options had been granted under the Scheme since the Scheme has become effective.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2013, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions:

Name	**Capacity and nature of interest**	**Number of Shares held or interested**	**Percentage of the Company's issued share capital**
Newup (Note)	Beneficial owner	1,968,000,000	57.48%

Note: Newup is wholly-owned and controlled by Mr. Wong; accordingly, Mr. Wong is deemed to be interested in the Shares held by Newup. Mr. Wong is the sole director of Newup.

Save as disclosed above, at 31 December 2013, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CONNECTED TRANSACTION

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions disclosed in note 45 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at 18 March 2014, being the latest practicable date prior to the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DISCLOSURE PURSUANT TO RULES 13.18 OF THE LISTING RULES

As disclosed in the announcement of the Company dated 3 January 2014, by an agreement (the "Facility Agreement") dated 3 January 2014 entered into by and among, inter alia, the Company as borrower, certain of its subsidiaries as original guarantors, and a syndicate of banks, the banks have agreed to grant to the Company an US$27,000,000 and HK$500,000,000 dual tranche term loan facility (the "Facility") to finance repayment of certain existing indebtedness (unless earlier repaid from other resources), land acquisitions and general corporate funding of the Group.

The Facility is for a term of three years commencing from the date of the Facility Agreement, and is guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

The Facility Agreement contains a requirement that Mr. Wong, a controlling shareholder and an executive Director, must (i) remain the single largest shareholder in the Company; (ii) hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company's voting share capital; and (iii) continue to control (as defined in the Hong Kong Code on Takeovers and Mergers) the Company. A breach of such requirement will constitute an event of default under the Facility Agreement, and as a result, the Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of the 2011 Senior Notes and the 2012 Senior Notes.

As at the date of this annual report, Mr. Wong and his associates jointly own approximately 57.58% of the voting share capital of the Company.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 49 to the financial statements.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD
Wong Chiu Yeung
Chairman

Hong Kong
18 March 2014

EY 安永

To the shareholders of China SCE Property Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China SCE Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 65 to 163, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

To the shareholders of China SCE Property Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

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

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

18 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	6	**6,588,124**	3,636,658
Cost of sales		**(4,742,908)**	(2,352,023)
Gross profit		**1,845,216**	1,284,635
Other income and gains	6	**162,562**	97,627
Changes in fair value of investment properties	16	**602,909**	381,754
Selling and marketing expenses		**(184,547)**	(102,389)
Administrative expenses		**(301,445)**	(259,016)
Other expenses		**(711)**	(5,098)
Finance costs	7	**(246,103)**	(107,052)
Exchange differences arising from retranslation of senior notes, net	8	**–**	2,546
Share of profits and losses of:			
Joint ventures		**25,772**	1,018
Associates		**1,689**	(1,928)
PROFIT BEFORE TAX	8	**1,905,342**	1,292,097
Income tax expense	11	**(731,078)**	(391,073)
PROFIT FOR THE YEAR		**1,174,264**	901,024
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Changes in fair value of derivative financial instruments		**131,618**	(31,637)
Reclassification adjustments for exchange losses included in profit or loss		**(55,232)**	(19,545)
		76,386	(51,182)
Share of other comprehensive loss of joint ventures		**(357)**	(93)
Share of other comprehensive income/(loss) of associates		**14**	(1,939)
Release upon deregistration of a joint venture		**–**	(4,286)
Release upon a deemed acquisition of subsidiaries		**–**	(9,850)
Exchange differences arising from net investment hedge in foreign operations	8	**–**	1,042
Exchange differences on translation of foreign operations		**88,413**	16,142
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**164,456**	(50,166)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,338,720**	850,858

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Profit attributable to:			
Owners of the parent	12	**887,816**	672,003
Non-controlling interests		**286,448**	229,021
		1,174,264	901,024
Total comprehensive income attributable to:			
Owners of the parent		**1,030,911**	618,819
Non-controlling interests		**307,809**	232,039
		1,338,720	850,858
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		(Restated)
Basic and diluted		**RMB25.9 cents**	RMB19.6 cents

Details of dividends for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property and equipment	15	**154,712**	144,864
Investment properties	16	**4,012,400**	2,854,000
Prepaid land lease payments	17	**2,671,226**	2,263,953
Intangible asset	18	**4,153**	4,319
Properties under development	19	**1,464,333**	1,261,631
Contract in progress	20	**441,202**	313,072
Investments in joint ventures	22	**130,889**	279,146
Investments in associates	23	**53,376**	51,673
Prepayments and deposits	26	**1,539,239**	974,259
Derivative financial instruments	34	**99,981**	–
Deferred tax assets	35	**155,871**	138,039
Total non-current assets		**10,727,382**	8,284,956
CURRENT ASSETS			
Properties under development	19	**8,024,674**	6,481,298
Completed properties held for sale	24	**2,289,127**	1,064,592
Trade receivables	25	**166,810**	388,350
Prepayments, deposits and other receivables	26	**1,204,030**	571,887
Due from related parties	27	**17,401**	25,527
Prepaid income tax		**134,232**	83,830
Restricted cash	28	**1,000,670**	678,069
Pledged deposits	28	**65,000**	173,000
Cash and cash equivalents	28	**3,299,604**	2,277,221
Total current assets		**16,201,548**	11,743,774
CURRENT LIABILITIES			
Trade payables	29	**1,255,128**	812,921
Receipts in advance	30	**4,502,166**	2,806,387
Other payables and accruals	31	**1,534,301**	1,334,638
Interest-bearing bank and other borrowings	32	**2,409,326**	2,111,571
Due to related parties	27	**235,863**	70,250
Tax payable		**659,557**	727,884
Total current liabilities		**10,596,341**	7,863,651
NET CURRENT ASSETS		**5,605,207**	3,880,123
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,332,589**	12,165,079

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,332,589**	12,165,079
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	32	**3,157,212**	1,648,729
Senior notes	33	**4,132,756**	3,195,049
Derivative financial instruments	34	**–**	31,637
Deferred tax liabilities	35	**520,491**	352,399
Provision for major overhauls	36	**19,923**	16,381
Total non-current liabilities		**7,830,382**	5,244,195
Net assets		**8,502,207**	6,920,884
EQUITY			
Equity attributable to owners of the parent			
Issued capital	37	**295,732**	250,683
Reserves	38	**5,443,274**	4,590,666
		5,739,006	4,841,349
Non-controlling interests		**2,763,201**	2,079,535
Total equity		**8,502,207**	6,920,884

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 37)	Share premium account RMB'000 (note 38(e))	Capital reserve RMB'000 (note 38(b))	Statutory surplus reserve RMB'000 (note 38(c))	Merger reserve RMB'000 (note 38(d))	Other reserves RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	250,683	1,749,699	61,916	187,041	30	16,000	(45,853)	104,192	1,998,786	4,322,494	1,596,413	5,918,907
Profit for the year	–	–	–	–	–	–	–	–	672,003	672,003	229,021	901,024
Other comprehensive income/(loss) for the year:												
Share of other comprehensive loss of joint ventures	–	–	–	–	–	(93)	–	–	–	(93)	–	(93)
Share of other comprehensive loss of associates	–	–	–	–	–	(1,939)	–	–	–	(1,939)	–	(1,939)
Release upon deregistration of a joint venture	–	–	–	–	–	(4,286)	–	–	–	(4,286)	–	(4,286)
Release upon a deemed acquisition of subsidiaries	–	–	–	–	–	(9,850)	–	–	–	(9,850)	–	(9,850)
Exchange differences arising from net investment hedge in foreign operations	–	–	–	–	–	–	1,042	–	–	1,042	–	1,042
Cash flow hedges	–	–	–	–	–	–	(51,182)	–	–	(51,182)	–	(51,182)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	13,124	–	13,124	3,018	16,142
Total comprehensive income/(loss) for the year	–	–	–	–	–	(16,168)	(50,140)	13,124	672,003	618,819	232,039	850,858
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	334,200	334,200
Acquisition of a non-controlling interest	–	–	(7,470)	–	–	–	–	–	–	(7,470)	(30)	(7,500)
Deemed acquisition of subsidiaries (note 39)	–	–	–	–	–	–	–	–	–	–	913	913
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	(84,000)	(84,000)
2011 final dividend	–	(92,494)	–	–	–	–	–	–	–	(92,494)	–	(92,494)
Transfer to statutory surplus reserve	–	–	–	88,628	–	–	–	–	(88,628)	–	–	–
At 31 December 2012	250,683	1,657,205*	54,446*	275,669*	30*	(168)*	(95,993)*	117,316*	2,582,161*	4,841,349	2,079,535	6,920,884

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 37)	Share premium account RMB'000 (note 38(e))	Capital reserve RMB'000 (note 38(b))	Statutory surplus reserve RMB'000 (note 38(c))	Merger reserve RMB'000 (note 38(d))	Other reserves RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	250,683	1,657,205*	54,446*	275,669*	30*	(168)*	(95,993)*	117,316*	2,582,161*	4,841,349	2,079,535	6,920,884
Profit for the year	-	-	-	-	-	-	-	-	887,816	887,816	286,448	1,174,264
Other comprehensive income/(loss) for the year:												
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(357)	-	-	-	(357)	-	(357)
Share of other comprehensive income of associates	-	-	-	-	-	14	-	-	-	14	-	14
Cash flow hedges	-	-	-	-	-	-	76,386	-	-	76,386	-	76,386
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	67,052	-	67,052	21,361	88,413
Total comprehensive income/(loss) for the year	-	-	-	-	-	(343)	76,386	67,052	887,816	1,030,911	307,809	1,338,720
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	709,720	709,720
Acquisition of a non-controlling interest	-	-	2,529	-	-	-	-	-	-	2,529	(22,529)	(20,000)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(97,734)	(97,734)
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(213,600)	(213,600)
Bonus issue	45,049	(45,049)	-	-	-	-	-	-	-	-	-	-
2013 interim dividend	-	(135,783)	-	-	-	-	-	-	-	(135,783)	-	(135,783)
Transfer to statutory surplus reserve	-	-	-	101,274	-	-	-	-	(101,274)	-	-	-
At 31 December 2013	295,732	1,476,373*	56,975*	376,943*	30*	(511)*	(19,607)*	184,368*	3,368,703*	5,739,006	2,763,201	8,502,207

* These reserve accounts comprise the consolidated reserves of RMB5,443,274,000 (2012: RMB4,590,666,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,905,342**	1,292,097
Adjustments for:			
Finance costs		**227,588**	93,323
Share of profits and losses of:			
Joint ventures	22	**(25,772)**	(1,018)
Associates	23	**(1,689)**	1,928
Fair value gain on remeasurement of investments in associates	6	**–**	(41,237)
Interest income	6	**(43,825)**	(29,984)
Write-off of items of property and equipment	8	**711**	5,098
Gain on disposal of items of property and equipment, net	6, 8	**(40)**	(93)
Gain on disposal of a subsidiary	6	**(80,276)**	–
Depreciation	15	**29,763**	23,643
Amortisation of prepaid land lease payments	17	**42,181**	47,925
Changes in fair value of investment properties	16	**(602,909)**	(381,754)
Amortisation of an intangible asset	18	**166**	167
Loss on derivative financial instruments	7	**18,515**	13,729
		1,469,755	1,023,824
Additions to prepaid land lease payments	17	**(2,419,329)**	(1,160,110)
Increase in properties under development		**(4,284,299)**	(2,613,432)
Increase in contract in progress	20	**(128,130)**	(33,208)
Decrease in completed properties held for sale		**4,697,847**	2,308,258
Decrease/(increase) in trade receivables		**221,540**	(215,982)
Increase in prepayments, deposits and other receivables		**(2,634,247)**	(781,980)
Increase in amounts due from related parties		**(135)**	(99,836)
Increase in trade payables		**442,207**	23,829
Increase in receipts in advance		**1,695,779**	1,136,641
Increase/(decrease) in other payables and accruals		**898,651**	(245,854)
Increase in provision for major overhauls	36	**2,805**	4,014
Cash used in operations		**(37,556)**	(653,836)
Interest received		**43,825**	29,984
Interest paid		**(840,705)**	(316,709)
PRC corporate income tax paid		**(356,061)**	(203,840)
PRC land appreciation tax paid		**(343,405)**	(210,869)
Net cash flows used in operating activities		**(1,533,902)**	(1,355,270)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Net cash flows used in operating activities		**(1,533,902)**	(1,355,270)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment	15	**(13,461)**	(12,493)
Deemed acquisition of subsidiaries	39	**–**	8,913
Additions to investment properties	16	**(582,172)**	(300,257)
Proceeds from disposal of items of property and equipment		**379**	767
Proceeds from disposal of a subsidiary	40	**180,144**	–
Dividends received from joint ventures		**–**	24,647
Decrease in advances of loans to joint ventures and associates		**181,933**	363,432
Increase in restricted cash		**(322,601)**	(393,062)
Decrease/(increase) in pledged deposits		**108,000**	(173,000)
Decrease in time deposits with original maturity over three months		**10,000**	41,000
Net cash flows used in investing activities		**(437,778)**	(440,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of senior notes		**1,013,312**	1,254,725
Issuance costs of senior notes		**(18,004)**	(26,129)
New bank and other borrowings		**4,886,420**	2,335,201
Repayment of bank and other borrowings		**(3,065,764)**	(1,919,597)
Increase/(decrease) in advances from non-controlling shareholders of certain subsidiaries		**(268,639)**	442,398
Acquisition of a non-controlling interest		**(20,000)**	–
Decrease in an amount due to non-controlling shareholders of certain subsidiaries		**(7,500)**	(1,410)
Capital contribution from non-controlling shareholders		**709,720**	334,200
Increase/(decrease) in amounts due to related parties, net		**165,613**	(10,553)
Dividends paid	38	**(135,783)**	(92,494)
Dividends paid to non-controlling shareholders of subsidiaries		**(213,600)**	(84,000)
Settlement of derivative financial instruments		**(19,486)**	(5,858)
Net cash flows from financing activities		**3,026,289**	2,226,483
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,054,609**	431,160
Cash and cash equivalents at beginning of year		**2,252,221**	1,821,478
Effect of foreign exchange rate changes, net		**(22,226)**	(417)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,284,604**	2,252,221
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,054,030**	2,126,748
Non-pledged time deposits with original maturity of less than three months when acquired		**230,574**	125,473
Non-pledged time deposits with original maturity of over three months when acquired		**15,000**	25,000
Cash and cash equivalents as stated in the statement of financial position	28	**3,299,604**	2,277,221
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(15,000)**	(25,000)
Cash and cash equivalents as stated in the statement of cash flows		**3,284,604**	2,252,221

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary	21	**–**	–
Due from subsidiaries	21	**1,394,259**	1,436,200
Derivative financial instruments	34	**99,981**	–
Total non-current assets		**1,494,240**	1,436,200
CURRENT ASSETS			
Prepayments	26	**560**	299
Due from subsidiaries	21	**4,163,289**	3,354,311
Cash and cash equivalents	28	**67,927**	91,879
Total current assets		**4,231,776**	3,446,489
CURRENT LIABILITIES			
Other payables and accruals	31	**137,030**	128,331
Due to subsidiaries	21	**707,657**	1,056
Interest-bearing bank and other borrowings	32	**204,576**	72,388
Total current liabilities		**1,049,263**	201,775
NET CURRENT ASSETS		**3,182,513**	3,244,714
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,676,753**	4,680,914
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	32	**–**	314,746
Senior notes	33	**4,132,756**	3,195,049
Derivative financial instruments	34	**–**	31,637
Total non-current liabilities		**4,132,756**	3,541,432
Net assets		**543,997**	1,139,482
EQUITY			
Issued capital	37	**295,732**	250,683
Reserves	38(e)	**248,265**	888,799
Total equity		**543,997**	1,139,482

Director

Director

1. CORPORATE INFORMATION

China SCE Property Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") during the year.

In the opinion of the directors, the ultimate holding company of the Company is Newup Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicated that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION *(Continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *— Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 does not change the equity accounting conclusion of the Group in respect of its investments in joint ventures.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries, joint ventures and associates are included in notes 21, 22 and 23 to the financial statements.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of investment properties and financial instruments are included in notes 16 and 47 to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements:* Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are acquired to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases	Over the lease terms
Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	19% to 25%
Transportation equipment	10% to 25%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development *(Continued)*

Revenue is only recognised upon completion of the development. Sales deposits/instalments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Service concession arrangement

The Group has entered into a service concession arrangement with a government body in Quanzhou, the PRC, for the operation and management of certain sports and recreation facilities. The transactions related to such service concession arrangement are accounted for by the Group as follows:

Consideration paid by the Group

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public services. The intangible asset (operating concession) is accounted for in accordance with the policy set out for “Intangible asset (other than goodwill)” below.

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for “Revenue recognition” below.

Contractual obligations to restore the sports and recreation facilities to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licence. The obligations are (a) to maintain the sports and recreation facilities it operates to a specified level of serviceability and (b) to restore the sports and recreation facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the sports and recreation facilities, except for the upgrade element, are recognised and measured in accordance with the policy set out for “Provisions” below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible asset (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement of an intangible asset recognised in profit or loss in the period is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Operating concession

Operating concession represents the right to operate certain sports and recreation facilities and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the operating concession granted to the Group of 30 years.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in profit or loss in the year of the retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, amounts due from related parties, deposits, derivative financial instruments and trade and other receivables which are classified and accounted for as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals, amounts due to related parties, derivative financial instruments, interest-bearing bank and other borrowings and senior notes.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Senior notes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Senior notes (Continued)

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Current versus non-current classification

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties have been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectability of related receivables is reasonably assured;

(b) from the rendering of services, when the services have been rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) facilities rental income, on a time proportion basis over the lease terms.

Land development contract

The Group has entered into a land development contract (the “Land Development Contract”) with the local government of Nan’an City (the “Nan’an Government”), the PRC, to carry out the construction and preparation works in respect of land infrastructure and ancillary public facilities on certain land parcels in Nan’an City.

Pursuant to the Land Development Contract, upon completion of the necessary construction and development works of each land parcel, the Group will be entitled to the entire sale proceeds arising from the sale of the relevant land parcel by the Nan’an Government through public auction.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Land development contract *(Continued)*

Revenue from the Land Development Contract is recognised upon the transfer of risks and rewards in connection with the land parcel developed and when the amount of revenue can be measured reliably, which occurs upon the completion of related construction and development works as well as the sale of the relevant land parcel. The timing of sale of each land parcel by the Nan'an Government is uncertain and out of the control of the Group.

Costs incurred by the Group in connection with the Land Development Contract comprise the aggregate costs of construction, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such land development contract and are classified as "Contract in progress" before the relevant land parcels are sold.

Contract in progress is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of the proceeds derived from the sale of the relevant land parcels by the Nan'an Government, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of the land parcels based on prevailing market conditions.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Pension Scheme") operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Pension Scheme.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholders.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK$") while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries, joint ventures and associates operating outside the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Valuation of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

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 a provision for properties under development and completed properties held 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.

Allocation of construction cost on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metre sold during the year multiplied by the average cost per square metre of that particular phase of the project.

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. The presumption is rebutted only in the circumstance that there is sufficient evidences such as historical transaction, future development plan and management's intention to demonstrate the investment property is held with the objective to consume substantially all of the economic benefits over time, rather than through sale. Continuous assessments on the presumption will be made by management at each reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Consolidation of entities in which the Group holds less than majority of voting rights

The Group considers that it controls Grand Richy Investments Limited ("Grand Richy") even though it owns less than 50% of the voting rights. This is because the Group had reached an agreement with one of the shareholders of Grand Richy in the prior year for the entrustment of that shareholder's power in the board of directors of Grand Richy to the Group. Accordingly, the Group is able to control and direct the financing and operating activities of Grand Richy.

The Group also considers that it controls Quanzhou Puxi No.3 Property Development Company Limited ("Quanzhou Puxi") even though it owns less than 50% of its equity interest. Pursuant to the Memorandum and Articles of Association of Quanzhou Puxi, the Group is entitled to appoint a majority of directors in the board of directors of Quanzhou Puxi. With all major decision including operating and financing activities of Quanzhou Puxi are being determined by a simple majority vote in the board meetings, the Group is able to control and direct the financing and operating activities of Quanzhou Puxi.

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, described below.

Estimation of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

Deferred tax assets

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

Allowance on trade and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and aged analysis of the outstanding receivables and on management's estimation. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for major overhauls

The Group has contractual obligations which it must fulfil as a condition of the operating concession granted by the grantor, which are (a) to maintain the sports and recreation facilities it operates to a specified level of serviceability and (b) to restore the sports and recreation facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the sports and recreation facilities, except for the upgrade element, are recognised and measured in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The estimation of the expenditure requires the Group to estimate the expected future cash outlays on major overhauls of the facilities over the service concession period and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment and property management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purposes, the property management segment combines with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 6 to the financial statements.

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

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, and other sales related taxes from the sale of properties; gross rental income received and receivable from investment properties, and property management fee income, net of business tax, received and receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2013 RMB'000	2012 RMB'000
Revenue		
Sale of properties	**6,440,475**	3,522,162
Gross rental income	**76,719**	65,356
Property management fees	**70,930**	49,140
	6,588,124	3,636,658
Other income and gains		
Bank interest income	**43,825**	29,984
Foreign exchange gains, net (note 8)	**19,943**	10,684
Gain on disposal of items of property and equipment, net	**40**	93
Gain on disposal of a subsidiary (note 40)	**80,276**	–
Fair value gain on remeasurement of investments in associates	**–**	41,237
Others	**18,478**	15,629
	162,562	97,627

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 RMB'000	2012 RMB'000
Interest on bank and other borrowings and senior notes wholly repayable within five years	**864,862**	456,639
Increase in a discounted amount of provision for major overhauls arising from the passage of time (note 36)	**737**	533
Loss on derivative financial instruments	**18,515**	13,729
Total interest expense on financial liabilities not at fair value through profit or loss	**884,114**	470,901
Less: Interest capitalised	**(638,011)**	(363,849)
	246,103	107,052

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2013**	2012
		RMB'000	RMB'000
Cost of properties sold		**4,697,847**	2,314,988
Cost of services provided		**44,895**	36,868
Depreciation	15	**29,763**	23,643
Amortisation of land lease payments	17	**42,181**	47,925
Amortisation of an intangible asset*	18	**166**	167
Provision for major overhauls	36	**4,196**	4,014
Minimum lease payments under operating leases for land and buildings		**5,631**	2,620
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**409**	372
Auditors' remuneration		**2,945**	2,630
Employee benefit expense (including directors' remuneration (note 9)):			
Salaries and other staff costs		**159,171**	105,101
Pension scheme contributions		**15,615**	9,901
Less: Amount capitalised		**(38,398)**	(22,796)
		136,388	92,206
Write-off of items of property and equipment**	15	**711**	5,098
Gain on disposal of items of property and equipment, net		**(40)**	(93)
Exchange differences arising from retranslation of senior notes		**55,232**	15,957
Less: Amount recognised in other comprehensive income as a result of net investment hedge		**–**	1,042
Less: Reclassification from hedging reserve as a result of cash flow hedges	34	**(55,232)**	(19,545)
Net exchange differences arising from retranslation of senior notes		**–**	(2,546)
Other foreign exchange differences, net	6	**(19,943)**	(10,684)
Exchange differences, net		**(19,943)**	(13,230)

* The amortisation of an intangible asset for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** This item is included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income of the Group.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2013 RMB'000	2012 RMB'000
Fees	**657**	780
Other emoluments:		
Salaries, allowances and benefits in kind	**5,643**	5,330
Discretionary performance related bonuses	**6,742**	4,913
Pension scheme contributions	**108**	56
	12,493	10,299
	13,150	11,079

(a) Independent non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2013					
Independent non-executive directors:					
Mr. Ting Leung Huel Stephen	219	–	–	–	219
Mr. Lu Hong Te	219	–	–	–	219
Mr. Dai Yiyi	219	–	–	–	219
	657	–	–	–	657

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2012					
Independent non-executive directors:					
Mr. Ting Leung Huel Stephen	195	–	–	–	195
Mr. Lu Hong Te	195	–	–	–	195
Mr. Dai Yiyi	195	–	–	–	195
	585	–	–	–	585

(b) Executive directors and a non-executive director

	Fees RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Discretionary performance related bonuses RMB'000**	**Pension scheme contributions RMB'000**	**Total RMB'000**
2013					
Executive directors:					
Mr. Wong Chiu Yeung ("Mr. Wong")	**–**	**1,316**	**1,998**	**12**	**3,326**
Mr. Chen Yuanlai	**–**	**1,082**	**1,276**	**12**	**2,370**
Mr. Cheng Hiu Lok	**–**	**1,082**	**1,276**	**12**	**2,370**
Mr. Li Wei	**–**	**1,082**	**1,094**	**42**	**2,218**
Mr. Huang Youquan	**–**	**1,081**	**1,098**	**30**	**2,209**
	–	**5,643**	**6,742**	**108**	**12,493**

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and a non-executive director *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2012					
Executive directors:					
Mr. Wong	–	1,171	1,464	11	2,646
Mr. Chen Yuanlai	–	976	952	11	1,939
Mr. Cheng Hiu Lok	–	976	952	11	1,939
Mr. Li Wei	–	976	813	11	1,800
Mr. Liu Zhijie*	–	327	–	3	330
Mr. Huang Youquan	–	904	732	9	1,645
Non-executive director:					
Mr. Fung Ka Pun**	195	–	–	–	195
	195	5,330	4,913	56	10,494

* Mr. Liu Zhijie retired as an executive director of the Company with effect from 10 May 2012.

** Mr. Fung Ka Pun resigned as a non-executive director of the Company with effect from 6 January 2013.

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

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five (2012: four) directors, details of whose remuneration are set out in note 9 above.

Details of the remuneration of the remaining one non-director, highest paid employee for the year ended 31 December 2012 was as follows:

	2013 RMB'000	2012 RMB'000
Salaries, allowances and benefits in kind	**–**	976
Discretionary performance related bonuses	**–**	813
Pension scheme contributions	**–**	11
	–	1,800

10. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The number of non-director, highest paid employee whose remuneration fell within the following band:

	2013	2012
RMB1,500,001 to RMB2,000,000	**–**	1

11. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2013 **RMB'000**	2012 RMB'000
Group:		
Current charge for the year:		
PRC CIT	**337,906**	90,171
PRC LAT	**280,300**	92,301
Overprovision in prior years:		
Hong Kong	**(5,437)**	–
Mainland China	**(31,951)**	–
	580,818	182,472
Deferred (note 35)	**150,260**	208,601
Total tax charge for the year	**731,078**	391,073

11. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2013 **RMB'000**	2012 RMB'000
Profit before tax	**1,905,342**	1,292,097
At the statutory/applicable rates of different jurisdictions	**519,250**	344,376
Lower tax rates for specific cities	**(34,188)**	(82,550)
Adjustments in respect of current tax of previous periods	**(37,388)**	–
Profits and losses attributable to joint ventures and associates	**(6,611)**	(4,112)
Income not subject to tax	**(15,941)**	(7,812)
Expenses not deductible for tax	**77,797**	31,783
Tax losses not recognised	**–**	23
Tax effect on unrealised profits arising from transactions within the Group	**17,992**	36,097
LAT	**280,300**	92,301
Tax effect of LAT	**(70,133)**	(19,033)
Tax charge at the Group's effective rate	**731,078**	391,073

The share of tax charge for the year ended 31 December 2013 attributable to joint ventures and associates amounting to RMB28,481,000 (2012: tax credit of RMB7,892,000) and RMB911,000 (2012: tax credit of RMB5,488,000), respectively, are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a loss of RMB216,453,000 (2012: RMB95,014,000) which has been dealt with in the financial statements of the Company (note 38(e)).

13. DIVIDENDS

	2013 **RMB'000**	2012 RMB'000
Interim dividend — HK6 cents (2012: Nil) per ordinary share	**135,783**	–

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

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 3,423,840,000 (2012: 3,423,840,000, as restated) in issue, as adjusted retrospectively to reflect the bonus issue during the year (note 37).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

15. PROPERTY AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
31 December 2013					
At 1 January 2013:					
Cost	72,385	29,871	24,229	85,683	212,168
Accumulated depreciation	(10,691)	(16,796)	(14,690)	(25,127)	(67,304)
Net carrying value	61,694	13,075	9,539	60,556	144,864
At 1 January 2013, net of accumulated depreciation	61,694	13,075	9,539	60,556	144,864
Additions	–	2,644	5,252	5,565	13,461
Transfer from investment properties (note 16)	27,200	–	–	–	27,200
Depreciation	(3,276)	(4,535)	(4,721)	(17,231)	(29,763)
Write-off	–	(702)	(9)	–	(711)
Disposals	–	(154)	(110)	(75)	(339)
At 31 December 2013, net of accumulated depreciation	85,618	10,328	9,951	48,815	154,712
At 31 December 2013:					
Cost	99,585	31,656	29,361	90,886	251,488
Accumulated depreciation	(13,967)	(21,328)	(19,410)	(42,071)	(96,776)
Net carrying value	85,618	10,328	9,951	48,815	154,712

15. PROPERTY AND EQUIPMENT *(Continued)*

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
31 December 2012					
At 1 January 2012:					
Cost	73,495	30,638	19,463	80,111	203,707
Accumulated depreciation	(7,961)	(12,152)	(10,072)	(13,549)	(43,734)
Net carrying value	65,534	18,486	9,391	66,562	159,973
At 1 January 2012, net of accumulated depreciation	65,534	18,486	9,391	66,562	159,973
Additions	–	3,107	4,876	4,510	12,493
Deemed acquisition of subsidiaries (note 39)	–	–	751	1,062	1,813
Depreciation	(2,803)	(4,644)	(4,618)	(11,578)	(23,643)
Write-off	(1,037)	(3,874)	(187)	–	(5,098)
Disposals	–	–	(674)	–	(674)
At 31 December 2012, net of accumulated depreciation	61,694	13,075	9,539	60,556	144,864
At 31 December 2012:					
Cost	72,385	29,871	24,229	85,683	212,168
Accumulated depreciation	(10,691)	(16,796)	(14,690)	(25,127)	(67,304)
Net carrying value	61,694	13,075	9,539	60,556	144,864

At 31 December 2013, certain of the Group's buildings with an aggregate carrying amount of RMB37,714,000 (2012: RMB54,061,000) were pledged to banks to secure certain bank and other borrowings granted to the Group (note 42).

The Group's leasehold land included in property and equipment with a net carrying amount of RMB6,744,000 (2012: RMB7,105,000) is situated in Hong Kong and is held under a medium term lease.

16. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 31 December 2011 and 1 January 2012	1,400,000	455,000	1,855,000
Additions	32,000	268,257	300,257
Transfer	320,224	(320,224)	–
Transfer from prepaid land lease payments	–	241,687	241,687
Transfer from properties under development	–	75,302	75,302
Net gain from a fair value adjustment	22,776	358,978	381,754
Carrying amount at 31 December 2012 and 1 January 2013	1,775,000	1,079,000	2,854,000
Additions	–	582,172	582,172
Transfer	2,162,000	(2,162,000)	–
Transfer from properties under development	–	519	519
Transfer to property and equipment (note 15)	(27,200)	–	(27,200)
Net gain from a fair value adjustment	102,600	500,309	602,909
Carrying amount at 31 December 2013	4,012,400	–	4,012,400

All of the Group's investment properties are situated in Mainland China and are held under medium term leases.

The Group's investment properties were revalued on 31 December 2013 based on valuations performed by DTZ Debenham Tie Leung, independent professionally qualified valuers, at RMB4,012,400,000 (2012: RMB2,854,000,000).

At 31 December 2013, the Group's investment properties with an aggregate carrying amount of RMB3,609,500,000 (2012: RMB2,539,000,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

The Group's completed investment properties are leased to third parties and companies controlled by Mr. Wong under operating leases, further summary details of which are included in note 43(a).

16. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2013	1,775,000	1,079,000	2,854,000
Additions	–	582,172	582,172
Transfer	2,162,000	(2,162,000)	–
Transfer from properties under development	–	519	519
Transfer to property and equipment (note 15)	(27,200)	–	(27,200)
Net gain from a fair value adjustment	102,600	500,309	602,909
Carrying amount at 31 December 2013	4,012,400	–	4,012,400

The following table illustrates the fair value measurement of the Group's investment properties using:

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement for:	
Office properties	566,900
Retail properties	3,290,800
Residential properties	20,500
Car parks	134,200
	4,012,400

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

16. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Office properties	Investment method and direct comparison method (refer below)	Estimated rental value per square metre and per month (RMB)	56 to 125
		Capitalisation rate	6%
		Price per square metre (RMB)	12,000 to 20,000
Retail properties	Investment method and direct comparison method (refer below)	Estimated rental value per square metre and per month (RMB)	52 to 600
		Capitalisation rate	5% to 6.5%
		Price per square metre (RMB)	22,000 to 60,000
Residential properties	Investment method and direct comparison method (refer below)	Estimated rental value per square metre and per month (RMB)	110 to 140
		Capitalisation rate	2.5%
		Price per square metre (RMB)	40,000 to 60,000
Car parks	Investment method and direct comparison method (refer below)	Estimated rental value per car park and per month (RMB)	1,300
		Capitalisation rate	5%
		Price per car park (RMB)	100,000 to 350,000

As at 31 December 2013, the construction of all investment properties were completed and their valuations were based on either the investment method by capitalisation of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties or the direct comparison method by reference to comparable market transactions.

Significant increases/(decreases) in estimated rental value per square metre or per car park in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. Significant increases/(decreases) in price per square metre or per car park in isolation would result in significantly higher/(lower) fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square metre or per car park and the price per square metre or per car park are accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

17. PREPAID LAND LEASE PAYMENTS

	2013 RMB'000	2012 RMB'000
Carrying amount at 1 January	**2,314,353**	2,975,405
Additions	**2,419,329**	1,160,110
Deemed acquisition of subsidiaries	**–**	275,984
Transfer to properties under development	**(2,766,363)**	(1,807,534)
Transfer to investment properties	**–**	(241,687)
Transfer from prepayments and deposits	**795,253**	–
Recognised during the year	**(42,181)**	(47,925)
Carrying amount at 31 December	**2,720,391**	2,314,353
Current portion included in prepayments, deposits and other receivables	**(49,165)**	(50,400)
Non-current portion	**2,671,226**	2,263,953

The Group's leasehold lands are situated in Mainland China and are held under the following lease terms:

	2013 RMB'000	2012 RMB'000
Long term leases	**2,234,585**	1,006,725
Medium term leases	**485,806**	1,307,628
	2,720,391	2,314,353

At 31 December 2013, certain of the Group's leasehold land with an aggregate carrying amount of RMB1,655,113,000 (2012: RMB554,092,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

18. INTANGIBLE ASSET

	Operating concession	
	2013	2012
	RMB'000	RMB'000
Cost at 1 January, net of accumulated amortisation	**4,319**	4,486
Amortisation provided during the year	**(166)**	(167)
At 31 December	**4,153**	4,319
At 31 December:		
Cost	**4,861**	4,861
Accumulated amortisation	**(708)**	(542)
Net carrying amount	**4,153**	4,319

On 28 March 2006, Quanzhou Straits Sports Centre Co., Ltd. (the "Straits Sports Centre") entered into an operating right concession agreement (the "Operating Right Agreement") with Quanzhou Sports Bureau (the "Sports Bureau"), a local government body in Quanzhou, the PRC, at a cash consideration of RMB5,000,000. Pursuant to the Operating Right Agreement, the Straits Sports Centre is granted an operating concession (the "Operating Concession") to operate and manage certain sports and recreation facilities (the "Facilities") in Quanzhou for a period of 30 years (the "Operating Period").

This service concession arrangement involves the Group as operator (i) paying a specific amount as consideration to obtain the Operating Concession of the Facilities; (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the Sports Bureau for the Operating Period; and (iii) receiving a right to charge users using the Facilities. The Group is entitled to operate and manage the Facilities, and is entitled to all the income associated with the operation of the Facilities. However, the relevant government bodies as grantors will control and regulate the scope of services provided and the prices charged by the Group during the Operating Period, retain ownership, and be entitled to any residual interest in the Facilities at the end of the Operating Period.

The cost of the Operating Concession is being amortised over the Operating Period.

19. PROPERTIES UNDER DEVELOPMENT

	2013 RMB'000	2012 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**8,024,674**	6,481,298
Beyond normal operating cycle included under non-current assets	**1,464,333**	1,261,631
	9,489,007	7,742,929
Properties under development expected to be completed within normal operating cycle and recovered:		
Within one year	**2,243,940**	3,291,768
After one year	**5,780,734**	3,189,530
	8,024,674	6,481,298

The Group's properties under development are located in Mainland China and are held under the following lease terms:

	2013 RMB'000	2012 RMB'000
Long term leases	**8,195,776**	5,722,954
Medium term leases	**1,293,231**	2,019,975
	9,489,007	7,742,929

At 31 December 2013, certain of the Group's properties under development, including the relevant land use rights, with an aggregate carrying amount of RMB4,447,103,000 (2012: RMB3,840,727,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

20. CONTRACT IN PROGRESS

	2013	2012
	RMB'000	RMB'000
At 1 January	**313,072**	279,864
Additions	**128,130**	33,208
At 31 December	**441,202**	313,072

On 18 August 2009, the Group entered into the Land Development Contract with the Nan'an Government to carry out the construction and preparation works in respect of land infrastructure and ancillary public facilities over certain land parcels in Nan'an City. Pursuant to the Land Development Contract, though the Group does not have ownership title or land use right to such land parcels, when the land parcels are sold by the Nan'an Government through public auctions, the Group is entitled to the entire sales proceeds arising from such land sales.

The development of the relevant land parcels commenced in 2010 and is expected to be completed gradually in or after 2015.

Contract in progress represents costs incurred by the Group in connection with the construction and development of the relevant land parcels under the Land Development Contract and comprises relocation and demolition work, costs of construction, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such Land Development Contract.

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	RMB'000	RMB'000
Unlisted investment, at cost	**–**	–
Due from subsidiaries	**1,394,259**	1,436,200
	1,394,259	1,436,200

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand.

The amounts advanced to the subsidiaries included in the investments in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment.

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Affluent Way International Limited º	BVI	US$1	100	–	Investment holding
South China Property International Limited º	Hong Kong	HK$10,000	–	100	Investment holding
South China Group (H.K.) Limited º	Hong Kong	HK$100	–	100	Investment holding
Xiamen Zhongjun Industrial Co., Ltd. ** (廈門中駿集團有限公司#)	PRC	HK$1,670,000,000	–	100	Investment holding and trading of construction materials
Xiamen Guanjun Aviation Storage Services Co., Ltd. * (廈門冠駿航空倉儲服務有限公司#)	PRC	RMB50,000,000	–	100	Property investment
Tangshan SCE Real Estate Development Co., Ltd. * (唐山中駿房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Nan'an Junjie Real Estate Development Co., Ltd. * (南安駿杰房地產開發有限公司 #)	PRC	RMB100,000,000	–	80	Property development
Beijing Dushishengjing Real Estate Development Co., Ltd. *^ (北京都市聖景房地產開發有限公司 #)	PRC	RMB10,000,000	–	100	Property development
Zhangzhou Long Wen Hua Gang Real Estate Development Co., Ltd. * (漳州龍文華港房地產發展有限公司 #)	PRC	RMB100,000,000	–	100	Property development
Beijing Jinghui Real Estate Development Co., Ltd. ** (北京京匯房地產開發有限公司 #)	PRC	RMB100,000,000	–	100	Property development and property investment
Fujian Zhongjun Industrial Co., Ltd. * (福建中駿置業有限公司 #)	PRC	RMB1,000,000,000	–	100	Investment holding and property development
Zhongjun (Quanzhou) Real Estate Development Co., Ltd. * (中駿(泉州)房地產開發有限公司 #)	PRC	RMB315,000,000	–	100	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Nan'an Huajing Real Estate Development Co., Ltd. * (南安市華景房地產開發有限公司 #)	PRC	RMB70,000,000	–	100	Property development
Fujian Taijing Construction Co., Ltd. * (福建泰景建設有限公司 #)	PRC	RMB59,720,000	–	100	Property construction
Shanxi Yuanhong Real Estate Development Co., Ltd. * (山西源宏房地產開發有限公司 #)	PRC	RMB100,000,000	–	100	Property development
Xiamen Zhongjun Tianfeng Real Estate Co., Ltd. *** (廈門中駿天峰房地產有限公司 #)	PRC	RMB240,000,000	–	60	Property development
Fujian Straits West-Coast Investment Co., Ltd. * ("West-Coast Investment") (福建省海峽西岸投資有限公司 #)	PRC	RMB700,000,000	–	58	Property development
Xiamen Junxianghexin Real Estate Development Co., Ltd. *@ (廈門駿翔和信房地產有限公司 #)	PRC	RMB150,000,000	–	100	Property development
Quanzhou Puxi Third Property Co., Ltd. *** ("Quanzhou Puxi") (泉州市浦西三號置業有限公司 #)	PRC	RMB900,000,000	–	34	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Xiamen Junyou Real Estate Development Co., Ltd. *∞ (廈門駿友房地產開發有限公司 #)	PRC	RMB340,000,000	–	100	Property development
South Fujian Gold Coast Resort Co., Ltd. Shishi **^ (石獅市閩南黃金海岸渡假村有限公司 #)	PRC	RMB730,538,557	–	45	Property development
Xiamen Huihongda Investment Co., Ltd. *∞^ (廈門輝宏達投資有限公司 #)	PRC	RMB301,000,000	–	65	Property development
Quanzhou Junhua Real Estate Development Co., Ltd. * (泉州駿華房地產開發有限公司 #)	PRC	RMB100,000,000	–	100	Property development
Quanzhou Junxiang Real Estate Development Co., Ltd. * (泉州駿祥房地產開發有限公司 #)	PRC	RMB100,000,000	–	51	Property development
Longyan Junlong Real Estate Development Co., Ltd. * (龍岩駿龍房地產開發有限公司 #)	PRC	RMB100,000,000	–	100	Property development
Nanchang Zhongjun Real Estate Development Co., Ltd. * (南昌中駿房地產開發有限公司 #)	PRC	RMB100,000,000	–	100	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shishi Juncheng Real Estate Development Co., Ltd. * (石獅駿誠房地產開發有限公司 #)	PRC	RMB100,000,000	–	100	Property development
Zhangzhou Junmei Real Estate Development Co., Ltd. *** (漳州駿美房地產開發有限公司 #)	PRC	RMB300,000,000	–	70	Property development

* Registered as limited liability companies under the PRC law

** Registered as wholly-foreign-owned entities under the PRC law

*** Registered as Sino-foreign joint ventures under the PRC law

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

^ At 31 December 2013, the equity interests of these companies were pledged to secure certain bank and other borrowings of RMB854,000,000 (2012: RMB8,043,000) granted to the Group (note 32).

@ Pursuant to the relevant agreements concluded between the Group and the non-controlling shareholder of this subsidiary, the Group is entitled to all the results and assets and obligated to all liabilities of this subsidiary effective from the date of the relevant agreements by paying the non-controlling shareholder a fixed return and a consideration for the capital contributed by the non-controlling shareholder. The legal ownership of the relevant non-controlling interest will be transferred to the Group by the non-controlling shareholder when the Group settles all the fixed return and the consideration. Accordingly, the relevant non-controlling interest was considered as being acquired by the Group at the date of the relevant agreements.

ø At 31 December 2013, the equity interests of these companies were pledged under share mortgage to the holders of the senior notes to secure the senior notes of RMB2,000,000,000 at a coupon rate of 10.5% due 2016 issued in January 2011 (the "2011 Senior Notes") and the senior notes of US$350,000,000 at a coupon rate of 11.5% due 2017 issued in November 2012 and January 2013 (the "2012 Senior Notes") (2012: the 2011 Senior Notes of RMB2,000,000,000 and the 2012 Senior Notes of US$200,000,000) (note 33).

∞ At 31 December 2013, certain equity interests of these companies were pledged to the Fund Investors (as defined in note 32) for bank and other borrowings of RMB259,400,000 granted to the Group (2012: RMB261,000,000) (note 32).

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2013	2012
Percentage of equity interest held by non-controlling interests:		
West-Coast Investment	**42%**	42%
Quanzhou Puxi	**66%**	66%

	2013	2012
	RMB'000	RMB'000
Profit/(loss) for the year allocated to non-controlling interests:		
West-Coast Investment	**238,557**	178,219
Quanzhou Puxi	**(12,569)**	(7,046)
Dividends paid to non-controlling interests of West-Coast Investment	**126,000**	84,000
Accumulated balances of non-controlling interests at the reporting dates:		
West-Coast Investment	**806,233**	693,676
Quanzhou Puxi	**571,477**	584,046

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2013	**West-Coast Investment RMB'000**	**Quanzhou Puxi RMB'000**
Revenue	**2,311,843**	**–**
Other income	**456,269**	**1,544**
Total expenses	**(2,200,118)**	**(20,588)**
Profit/(loss) for the year	**567,994**	**(19,044)**
Total comprehensive income/(loss) for the year	**567,994**	**(19,044)**
Current assets	**2,221,193**	**1,723,528**
Non-current assets	**2,211,159**	**230,507**
Current liabilities	**(2,162,624)**	**(958,160)**
Non-current liabilities	**(350,126)**	**(130,000)**
Net cash flows from/(used in) operating activities	**626,920**	**(249,826)**
Net cash flows from/(used in) investing activities	**(268,860)**	**265,315**
Net cash flows used in financing activities	**(508,239)**	**(5,844)**
Net increase/(decrease) in cash and cash equivalents	**(150,179)**	**9,645**

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

2012	West-Coast Investment RMB'000	Quanzhou Puxi RMB'000
Revenue	435,322	–
Other income	485,810	914
Total expenses	(496,801)	(11,590)
Profit/(loss) for the year	424,331	(10,676)
Total comprehensive income/(loss) for the year	424,331	(10,676)
Current assets	2,764,350	883,266
Non-current assets	1,549,397	233,501
Current liabilities	(2,477,145)	(104,348)
Non-current liabilities	(184,992)	(127,500)
Net cash flows from/(used in) operating activities	66,421	(540,809)
Net cash flows from/(used in) investing activities	(53,749)	385,841
Net cash flows from/(used in) financing activities	(278,193)	175,142
Net increase/(decrease) in cash and cash equivalents	(265,521)	20,174

22. INVESTMENTS IN JOINT VENTURES

	2013 RMB'000	2012 RMB'000
Share of net assets	**142,802**	117,387
Due from/(to) joint ventures	**(11,913)**	161,759
	130,889	279,146

The amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment.

22. INVESTMENTS IN JOINT VENTURES *(Continued)*

Particulars of the Group's joint ventures are as follows:

Name	Nominal value of registered/ paid-up capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Well China International Investment Holdings Limited	Ordinary shares of HK$140,000,000	Hong Kong	49[(1)]	Investment holding
Quanzhou Yuanhang Real Estate Development Co., Ltd. * (泉州遠航房地產開發有限公司 #)	Registered capital of RMB150,000,000	PRC	49[(1)]	Property development
Xiamen Vanke Maluanwan Property Co., Ltd. * (廈門市萬科馬鑾灣置業有限公司 #)	Registered capital of RMB30,000,000	PRC	20	Property development

* Registered as limited liability companies under the PRC law

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

(1) Pursuant to the relevant shareholders' agreements, the Group is entitled to a 50% voting right in the boards of directors of these entities.

All of the above investments in joint ventures are held indirectly by subsidiaries of the Company.

The Group has discontinued the recognition of its share of losses of Xiamen Vanke Maluanwan Property Co., Ltd. because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses beyond its registered capital amount. The amounts of the Group's unrecognised share of losses of this joint venture for the current year and cumulatively were RMB4,948,000 (2012: Nil).

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2013	2012
	RMB'000	RMB'000
Share of joint ventures' profit for the year	**25,772**	1,018
Share of the joint ventures' other comprehensive loss	**(357)**	(93)
Share of the joint ventures' total comprehensive income	**25,415**	925
Aggregate carrying amount of the Group's investments in the joint ventures	**142,802**	117,387

23. INVESTMENTS IN ASSOCIATES

	2013 **RMB'000**	2012 RMB'000
Share of net assets	**53,376**	51,673

Particulars of the associates are as follows:

Name	**Nominal value of registered/ paid-up capital**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Quanzhou Baoxing Real Estate Development Co., Ltd. * (泉州寶興房地產開發有限公司 #)	Registered capital of RMB48,000,000	PRC	30	Property development
China Bright Investments Limited	Ordinary shares of HK$100	Hong Kong	20	Investment holding
Xiamen Dayoufu Property Consultation Co., Ltd.** (廈門大友富置業顧問有限公司 #)	Registered capital of HK$3,000,000	PRC	20	Property agency

* Registered as a limited liability company under the PRC law
** Registered as a wholly-foreign-owned entity under the PRC law
\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

All of the above investments in associates are held indirectly by subsidiaries of the Company.

All associates have been accounted for using the equity method in these financial statements and their financial year end date is coterminous with that of the Group.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2013 **RMB'000**	2012 RMB'000
Share of the associates' profit/(loss) for the year	**1,689**	(1,928)
Share of the associates' other comprehensive income/(loss)	**14**	(1,939)
Share of the associates' total comprehensive income/(loss)	**1,703**	(3,867)
Aggregate carrying amount of the Group's investments in the associates	**53,376**	51,673

24. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are located in Mainland China and are held under the following lease terms:

	2013	2012
	RMB'000	RMB'000
Long term leases	**1,525,343**	897,235
Medium term leases	**763,784**	167,357
	2,289,127	1,064,592

All the completed properties held for sale are stated at cost.

At 31 December 2013, certain of the Group's completed properties held for sale with an aggregate carrying amount of RMB1,165,405,000 (2012: RMB547,710,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

25. TRADE RECEIVABLES

The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of property management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period of three months to the lessees of the Group's investment properties, extending up to six months for major customers.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

25. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**166,034**	383,980
1 to 6 months past due	**196**	1,305
7 to 12 months past due	**–**	979
Over 1 year past due	**580**	2,086
	166,810	388,350

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of diversified customers with no recent history of default and have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment 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.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		**Company**	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayments (note)	**1,676,206**	1,175,665	**560**	299
Deposits	**525,318**	307,405	**–**	–
Other receivables	**541,745**	63,076	**–**	–
	2,743,269	1,546,146	**560**	299
Non-current portion	**(1,539,239)**	(974,259)	**–**	–
Current portion	**1,204,030**	571,887	**560**	299

Note: The balances included prepayments for the acquisition of land use rights in Mainland China amounting to RMB1,336,239,000 as at 31 December 2013 (2012: RMB924,259,000).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

27. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Due from related parties:		
Companies controlled by Mr. Wong	**666**	531
Joint ventures	**16,243**	24,489
Associates	**492**	507
	17,401	25,527
Due to related parties:		
Joint ventures	**173,760**	18,182
Associates	**62,103**	52,068
	235,863	70,250

The balances are non-trade in nature, unsecured, interest-free and are repayable on demand.

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**4,119,700**	2,977,817	**67,927**	91,879
Time deposits	**245,574**	150,473	**–**	–
Less: Restricted cash (notes)	**(1,000,670)**	(678,069)	**–**	–
Pledged deposits (note (e))	**(65,000)**	(173,000)	**–**	–
Cash and cash equivalents	**3,299,604**	2,277,221	**67,927**	91,879

Notes:

(a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects. As at 31 December 2013, such guarantee deposits amounted to RMB847,729,000 (2012: RMB599,581,000).

(b) According to the relevant mortgage facility agreements signed by certain subsidiaries of the Group with their banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the banks. As at 31 December 2013, such deposits amounted to RMB14,714,000 (2012: RMB15,468,000).

(c) Pursuant to a management agreement entered into between the Sports Bureau and Straits Sports Centre, the fund advanced by the Sports Bureau and deposited in a designated bank account can only be used for the payments of construction costs and expenditure incurred for the construction of the Facilities. As at 31 December 2013, such advance amounted to RMB6,000,000 (2012: RMB6,220,000).

(d) In addition to the restrictions as detailed in notes (a), (b) and (c), certain subsidiaries of the Group are also required to place certain of their bank deposit amounts as guarantee deposits for public maintenance fund, or there are restrictions as to the use of certain unutilised bank loan proceeds deposited in the subsidiaries' bank accounts. As at 31 December 2013, the aggregate amount of such deposits was RMB132,227,000 (2012: RMB56,800,000).

(e) The bank deposits were pledged to secure general banking facilities granted to the Group (note 42).

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS *(Continued)*

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB4,071,169,000 (2012: RMB2,373,094,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	RMB'000	RMB'000
Within 1 year	**1,226,721**	799,618
Over 1 year	**28,407**	13,303
	1,255,128	812,921

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

30. RECEIPTS IN ADVANCE

Receipts in advance represent sales proceeds received from buyers in connection with the Group's pre-sale of properties.

31. OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Notes	**2013**	2012	**2013**	2012
		RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits received		**228,831**	236,027	**–**	–
Accruals		**191,210**	153,529	**130,130**	120,460
Due to non-controlling shareholders of certain subsidiaries	(a)	**15,000**	22,500	**–**	–
Advances from non-controlling shareholders of certain subsidiaries	(b)	**541,331**	809,970	**–**	–
Derivative financial instruments	34	**6,900**	7,871	**6,900**	7,871
Other payables		**551,029**	104,741	**–**	–
		1,534,301	1,334,638	**137,030**	128,331

Notes:

(a) The balance of RMB15,000,000 (2012: RMB15,000,000) as at 31 December 2013 bears interest at 6% per annum (being the one-year lending rate quoted by the People's Bank of China) (2012: 6% per annum).

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

Other payables are non-interest-bearing and are expected to be settled within one year.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2013			2012		
	Contractual interest rate (%) per annum	**Maturity**	**RMB'000**	Contractual interest rate (%) per annum	Maturity	RMB'000
Current						
Bank loans — secured	**1.67 – 9.75**	**2014**	**1,283,629**	2.50 – 8.00	2013	1,738,381
Current portion of long term bank loans — secured	**6.30 – 8.32**	**2014**	**716,612**	6.46 – 8.32	2013	373,190
Other loans — secured	**5.50 – 11.00**	**2014**	**409,085**	–	–	–
			2,409,326			2,111,571
Non-current						
Bank loans — secured	**6.30 – 8.50**	**2015 – 2016**	**1,111,212**	6.10 – 8.32	2014 – 2017	1,275,956
Other loans — secured	**5.70 – 13.50**	**2015 – 2016**	**2,046,000**	10.50 – 13.50	2014 – 2015	372,773
			3,157,212			1,648,729
			5,566,538			3,760,300

Company

	2013			2012		
	Contractual interest rate (%) per annum	**Maturity**	**RMB'000**	Contractual interest rate (%) per annum	Maturity	RMB'000
Current						
Bank loans — secured	**2.13**	**2014**	**204,576**	3.65	2013	72,388
Non-current						
Bank loans — secured	**–**	**–**	**–**	6.10	2015	314,746
			204,576			387,134

32. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**2,000,241**	2,111,571	**204,576**	72,388
In the second year	**1,111,212**	914,125	**–**	78,687
In the third to fifth years, inclusive	**–**	361,831	**–**	236,059
	3,111,453	3,387,527	**204,576**	387,134
Other borrowings repayable:				
Within one year	**409,085**	–	**–**	–
In the second year	**1,316,000**	352,773	**–**	–
In the third to fifth years, inclusive	**730,000**	20,000	**–**	–
	2,455,085	372,773	**–**	–
	5,566,538	3,760,300	**204,576**	387,134

Notes:

(a) Certain of the Group's bank and other borrowings are secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale, details of which are disclosed in note 42 to the financial statements.

(b) Certain of the Group's bank and other borrowings with an aggregate amount of RMB854,000,000 (2012: RMB8,043,000) were secured by share charges in respect of the equity interests of certain subsidiaries of the Group (note 21).

(c) Except for certain secured bank and other borrowings of RMB210,821,000 (2012: RMB493,727,000) and RMB121,808,000 (2012: Nil) as at 31 December 2013 which were denominated in HK$ and United States dollars ("US$"), respectively, all of the Group's bank and other borrowings were denominated in RMB.

(d) At the end of the reporting period, except for certain bank and other borrowings of RMB2,789,085,000 (2012: RMB372,773,000), the interest rate of which were fixed in nature, all borrowings bear interest at floating interest rates. The carrying amounts of the Group's bank and other borrowings approximate to their fair value.

(e) As at 31 December 2012, the Group's bank and other borrowings of RMB314,746,000 were secured by a specific performance obligation imposed on Mr. Wong and pursuant to which Mr. Wong was required to, among others, hold legally and beneficially and directly or indirectly 40% or more of all class of the Company's voting share capital. Non-compliance with the aforesaid obligation by Mr. Wong would constitute an event of default under the relevant loan agreement and a cross default provision of the 2011 Senior Notes and the 2012 Senior Notes (note 33).

(f) Certain subsidiaries of the Group in the PRC which are engaged in development of real estate projects have entered into certain financing arrangements with various investors (the "Fund Investors") pursuant to which the Fund Investors raised funds and invested in these subsidiaries in the form of capital contribution (the "Fund Investment"). The Fund Investment bears interest at 10.5% per annum and the Fund Investors are entitled to exercise an option requiring the Group to repurchase the Fund Investment in two years and the Fund Investment with an aggregate sum of RMB259,400,000 as at 31 December 2013 (2012: RMB261,000,000) is therefore classified as bank and other borrowings in the consolidated statement of financial position of the Group. The Fund Investment is also secured by pledges over the equity interests of these subsidiaries (note 21).

33. SENIOR NOTES

Group and Company

	2013				2012			
	Principal at original currency 'million	**Contractual interest rate (%) per annum**	**Maturity**	**RMB'000**	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	RMB'000
2011 Senior Notes	**RMB2,000***	**10.50**	**2016**	**1,976,100**	RMB2,000*	10.50	2016	1,966,163
2012 Senior Notes	**US$350#**	**11.50**	**2017**	**2,156,656**	US$200	11.50	2017	1,228,886
				4,132,756				3,195,049

* The 2011 Senior Notes are denominated in RMB and settled in US$, and bear coupon at 10.5% per annum payable semi-annually in arrears.

\# Additional senior notes with an aggregate principal amount of US$150,000,000 were issued at a price of 108% of the principal amount on 21 January 2013 which are consolidated and formed a single class with the senior notes with aggregate principal amount of US$200,000,000 issued in November 2012.

The Company, at its option, can redeem all or a portion of the 2011 Senior Notes and the 2012 Senior Notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreement between the Company and the trustees of the 2011 Senior Notes and the 2012 Senior Notes.

The 2011 Senior Notes and the 2012 Senior Notes are secured by pledges over the equity interests of certain subsidiaries of the Company (note 21).

The fair values for the 2011 Senior Notes and the 2012 Senior Notes amount to RMB2,040,000,000 (2012: RMB2,090,000,000) and RMB2,336,220,000 (2012: RMB1,360,487,000), respectively. The fair values of the 2011 Senior Notes and the 2012 Senior Notes are based on price quotations from financial institution at the reporting date.

The fair values of the early redemption options of the 2011 Senior Notes and the 2012 Senior Notes were not significant and were therefore not recognised by the Group on inception and at 31 December 2013.

34. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company			
	2013		2012	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cross currency interest rate swap contracts	**99,981**	**6,900**	–	39,508
Less: Portion classified as non-current	**(99,981)**	**–**	–	(31,637)
Current portion (note 31)	**–**	**6,900**	–	7,871

The Group entered into certain cross currency interest rate swap contracts ("Swap Contracts") with The Hongkong and Shanghai Banking Corporation Limited to hedge against the foreign currency risk arising from the 2011 Senior Notes. The Swap Contracts balances vary with the changes in foreign exchange forward rates.

Cash flow hedges

The total notional principal amount of the outstanding Swap Contracts at 31 December 2013 was RMB2,000,000,000 with fixed exchange rates from RMB to US$ at 6.6341 and fixed interest rates ranging from 12.0% to 12.2%.

The terms of these Swap Contracts have been negotiated to match with the respective terms of the 2011 Senior Notes. The cash flow hedges of the 2011 Senior Notes were assessed to be highly effective and the net fair value gains on cash flow hedges of RMB76,386,000 (2012: net fair value losses of RMB51,182,000) included in the hedging reserve were as follows:

	2013	2012
	RMB'000	RMB'000
Total fair value gains/(losses) included in the hedging reserve	**131,618**	(31,637)
Reclassification adjustments for exchange losses included in profit or loss (note 8)	**(55,232)**	(19,545)
Net gains/(losses) on cash flow hedges	**76,386**	(51,182)

35. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000
At 31 December 2011 and 1 January 2012	300,395
Deemed acquisition of subsidiaries (note 39)	9,397
Charged to profit or loss during the year	94,152
At 31 December 2012 and 1 January 2013	403,944
Charged to profit or loss during the year	150,681
At 31 December 2013	554,625

Deferred tax assets

	Unrealised profits arising from intra-group transactions RMB'000	Provision of LAT RMB'000	Accruals RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 31 December 2011 and 1 January 2012	34,707	99,826	131,727	31,721	297,981
Deemed acquisition of subsidiaries (note 39)	–	–	–	6,052	6,052
Credited/(charged) to profit or loss during the year	13,973	(23,824)	(104,725)	127	(114,449)
At 31 December 2012 and 1 January 2013	48,680	76,002	27,002	37,900	189,584
Credited/(charged) to profit or loss during the year	(15,799)	(11,399)	(26,676)	54,295	421
At 31 December 2013	32,881	64,603	326	92,195	190,005

35. DEFERRED TAX *(Continued)*

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

	2013	2012
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**155,871**	138,039
Net deferred tax liabilities recognised in the consolidated statement of financial position	**520,491**	352,399

At 31 December 2013, the Group has tax losses arising in Mainland China of RMB384,227,000 (2012: RMB167,421,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of certain of these losses of RMB15,448,000 (2012: RMB15,822,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which these tax losses can be utilised.

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries, joint ventures and associates established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB2,868,439,000 at 31 December 2013 (2012: RMB2,064,575,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

36. PROVISION FOR MAJOR OVERHAULS

Pursuant to the Operating Right Agreement, the Group has contractual obligations which it must fulfil as a condition of the Operating Concession. The obligations are (a) to maintain the Facilities it operates to a specified level of serviceability and (b) to restore the Facilities to a specified condition before they are handed over to the Sports Bureau at the end of the Operating Concession. These contractual obligations to maintain or restore the sports and recreation facilities, except for the upgrade element, are recognised and measured in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

The movements in the provision for major overhauls of the Facilities for the year are as follows:

	2013	2012
	RMB'000	RMB'000
At 1 January	**16,381**	11,834
Additional provisions	**4,196**	4,014
Increase in a discounted amount arising from the passage of time (note 7)	**737**	533
Amount utilised during the year	**(1,391)**	–
At 31 December	**19,923**	16,381

37. SHARE CAPITAL

Shares

	2013	2012
	HK$	HK$
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000,000**	1,000,000,000
Issued and fully paid:		
3,423,840,000 (2012: 2,853,200,000) ordinary shares of HK$0.10 each	**342,384,000**	285,320,000
Equivalent to RMB'000	**295,732**	250,683

37. SHARE CAPITAL *(Continued)*

Shares *(Continued)*

During the year, the Company made a bonus issue of two ordinary shares for every 10 existing shares held by shareholders on the register of members on 19 September 2013, resulting in the issue of 570,640,000 shares of HK$0.1 each and credited as fully paid from the Company's share premium account.

There was no movement in the Company's share capital during the prior year.

Share option scheme

The Company operates a share option scheme (the "Scheme") which was adopted at the special general meeting held on 6 January 2010. Employees (including directors) of the Group are included in the eligible participants under the Scheme. A total of 285,320,000 shares will be available for issue under the Scheme, which represented 10% of the aggregate of the shares in issue on the date the shares of the Company commenced trading on the Hong Kong Stock Exchange. Each participant cannot be entitled to more than 1% of the total number of shares in issue in any 12-month period. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme. The Scheme remains in force until 5 January 2020. No option has been granted under the Scheme since the adoption of the Scheme.

38. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity on pages 69 and 70 of the financial statements.

(b) Capital reserve

Capital reserve represents the difference between the amounts of consideration and the carrying values of non-controlling interests acquired or disposed of.

38. RESERVES *(Continued)*

(c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

For the entities concerned, the statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of their registered capital.

(d) Merger reserve

The merger reserve represents the excess of the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the group reorganisation completed in December 2007.

(e) Company

	Notes	Share premium account RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2012		1,749,699	–	(146,936)	(293,048)	1,309,715
Total comprehensive loss for the year		–	–	(8,386)	(268,854)	(277,240)
Cash flow hedges		–	(51,182)	–	–	(51,182)
2011 final dividend		(92,494)	–	–	–	(92,494)
At 31 December 2012		1,657,205	(51,182)	(155,322)	(561,902)	888,799
Total comprehensive loss for the year		–	–	(27,431)	(508,657)	(536,088)
Cash flow hedges		–	76,386	–	–	76,386
Bonus issue	37	(45,049)	–	–	–	(45,049)
2013 interim dividend	13	(135,783)	–	–	–	(135,783)
At 31 December 2013		**1,476,373**	**25,204**	**(182,753)**	**(1,070,559)**	**248,265**

39. BUSINESS COMBINATION

Year ended 31 December 2012

Deemed acquisition of subsidiaries

On 31 August 2012, the Group reached an agreement (the "Management Agreement") with one of the shareholders of Grand Richy, a then 45% associate of the Group, for the entrustment of its power in the board of directors of Grand Richy to the Group. Upon the execution of the Management Agreement, the Group is entitled to control the financing and operating policies of Grand Richy. Accordingly, Grand Richy became a 45%-owned subsidiary of the Group. Grand Richy and its subsidiaries (collectively the "Grand Richy Group") are principally engaged in property development in Mainland China.

The fair values of the identifiable assets and liabilities of the Grand Richy Group as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition RMB'000**
Property and equipment	15	1,813
Prepaid land lease payments		270,593
Properties under development		450,407
Prepayments, deposits and other receivables		11,100
Prepaid income tax		3,404
Restricted cash		93,123
Cash and bank balances		8,913
Trade payables		(504)
Receipts in advance		(196,741)
Other payables		(319,103)
Interest-bearing bank and other borrowings		(318,000)
Deferred tax liabilities	35	(3,345)
Non-controlling interests		(913)
Total identifiable net assets at fair value		747
Reclassification of investments in associates		(747)
		–

39. BUSINESS COMBINATION *(Continued)*

Year ended 31 December 2012 *(Continued)*

Deemed acquisition of subsidiaries (Continued)

An analysis of the cash flows in respect of the acquisition of the Grand Richy Group is as follows:

	RMB'000
Cash and bank balances acquired	8,913
Net inflow of cash and cash equivalents included in cash flows from investing activities	8,913

The results of the subsidiaries acquired during the year had no significant impact on the Group's consolidated revenue or profit for that year.

40. DISPOSAL OF A SUBSIDIARY

Year ended 31 December 2013

On 12 August 2013, the Group entered into a sale and purchase agreement with the non-controlling shareholders of Quanzhou Junfu Real Estate Development Co., Ltd. ("Quanzhou Junfu") to dispose of its entire interest in Qunazhou Junfu, a then 51%-owned subsidiary of the Group, for a total consideration of RMB182,000,000. The disposal was completed on 12 August 2013.

	Note	**2013** **RMB'000**
Net assets disposed of:		
Properties under development		**19,695**
Prepayments, deposits and other receivables		**640,636**
Cash and bank balances		**1,856**
Other payables and accruals		**(462,729)**
Non-controlling interests		**(97,734)**
		101,724
Gain on disposal of Quanzhou Junfu	6	**80,276**
		182,000
Satisfied by:		
Cash		**182,000**

40. DISPOSAL OF A SUBSIDIARY *(Continued)*

Year ended 31 December 2013 *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Quanzhou Junfu is as follows:

	2013
	RMB'000
Cash consideration	**182,000**
Cash and bank balances disposed of	**(1,856)**
Net inflow of cash and cash equivalents in respect of the disposal of Quanzhou Junfu	**180,144**

41. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, the Group had financial guarantees which were not provided for in the financial statements as follows:

	2013	2012
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes)	**4,645,945**	2,877,392

Notes:

(i) As at 31 December 2013, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

(ii) The fair value of the guarantees is not significant and the directors of the Company consider that in the case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

41. FINANCIAL GUARANTEE CONTRACTS *(Continued)*

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	2013 RMB'000	2012 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**332,591**	75,804

42. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure certain bank and other borrowings granted to the Group:

	2013 RMB'000	2012 RMB'000
Bank deposits (note 28)	**65,000**	173,000
Property and equipment (note 15)	**37,714**	54,061
Investment properties (note 16)	**3,609,500**	2,539,000
Prepaid land lease payments (note 17)	**1,655,113**	554,092
Properties under development (note 19)	**4,447,103**	3,840,727
Completed properties held for sale (note 24)	**1,165,405**	547,710
	10,979,835	7,708,590

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to 15 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2013	2012
	RMB'000	RMB'000
Within one year	**23,888**	21,767

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013	2012
	RMB'000	RMB'000
Within one year	**1,435**	624
In the second to fifth years, inclusive	**–**	18
	1,435	642

44. COMMITMENTS

In addition to the operating lease commitments detailed in note 43(b) above, the Group had the following capital commitments at the end of the reporting period:

	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**5,711,876**	2,759,219

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development in Mainland China	**197,969**	54,056

At the end of the reporting period, the Company did not have any significant commitments.

45. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed in note 27 to the financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2013** **RMB'000**	2012 RMB'000
Sales of properties to:			
Directors	(i)	**6,311**	12,755
Family members of the directors	(i)	**10,497**	2,665
Rental income from companies controlled by Mr. Wong	(ii)	**2,297**	2,054
Property management fee income from companies controlled by Mr. Wong	(ii)	**1,782**	1,075
Sales agency fees paid to an associate	(iii)	**21,885**	7,030

Notes:

(i) The properties were sold at prices mutually agreed by both parties.

(ii) Terms on the rental and management fee income of office premises were mutually agreed between both parties.

(iii) The sales agency fees were charged at rates ranging from 0.7% to 0.9% of the selling prices of the relevant properties sold.

(b) In the opinion of the directors, the directors of the Company represent the key management personnel of the Group. Further details of the compensation of key management personnel of the Group are set out in note 9 to the financial statements.

Transactions of items (a)(i) and (a)(ii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

46. FINANCIAL INSTRUMENTS BY CATEGORY

Except for the derivative financial instruments, which is measured at fair value, other financial assets and liabilities of the Company and the Group as at 31 December 2013 and 2012 are loans and receivables and financial liabilities stated at amortised cost, respectively.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments, other than the senior notes and derivative financial instruments, reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amount due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2013 was assessed to be insignificant.

Derivative financial instruments, including forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 31 December 2013, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets/(Liabilities) measured at fair value:

Group and Company

As at 31 December 2013

	Fair value measurement using significant observable inputs (Level 2) RMB'000
Derivative financial instruments	**93,081**

As at 31 December 2012

	Fair value measurement using significant observable inputs (Level 2) RMB'000
Derivative financial instruments	(39,508)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, senior notes, amounts due from/to related parties, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in the PRC at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**Effect on profit before tax RMB'000**
2013		
RMB	**150**	**(36,672)**
HK$	**150**	**(3,162)**
US$	**150**	**(1,827)**
RMB	**(150)**	**36,672**
HK$	**(150)**	**3,162**
US$	**(150)**	**1,827**

	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
2012		
RMB	150	(38,697)
HK$	150	(7,406)
RMB	(150)	38,697
HK$	(150)	7,406

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

The Group's financial assets and liabilities including certain amounts due from/(to) related parties denominated in HK$, certain short term deposits denominated in HK$ and US$ and the Senior Notes denominated in RMB are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

In order to minimise the impact of changes in the exchange rates of RMB against foreign currencies, the Group obtains most of its bank and other borrowings in RMB to finance its operation in the PRC.

The Group had also entered into Swap Contracts in order to manage foreign currency risk arising from the retranslation of the 2011 Senior Notes held by the Company.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate against HK$, with all other variables held constant, of the Group's equity. There is no material impact on the Group's profit during the year.

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in equity RMB'000**
2013		
If HK$ weakens against RMB	**3%**	**(60,000)**
If HK$ strengthens against RMB	**(3%)**	**60,000**

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in equity RMB'000
2012		
If HK$ weakens against RMB	3%	(60,000)
If HK$ strengthens against RMB	(3%)	60,000

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 41.

The credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operation needs and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2013			
	Within one year or on demand RMB'000	**In the second year RMB'000**	**In the third to fifth years, inclusive RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**2,642,957**	**2,518,360**	**730,732**	**5,892,049**
Senior notes	**455,139**	**455,139**	**4,639,426**	**5,549,704**
Trade payables	**1,255,128**	**–**	**–**	**1,255,128**
Financial liabilities included in other payables and accruals	**1,527,401**	**–**	**–**	**1,527,401**
Due to related parties	**235,863**	**–**	**–**	**235,863**
Derivative financial instruments	**6,900**	**–**	**–**	**6,900**
	6,123,388	**2,973,499**	**5,370,158**	**14,467,045**
Financial guarantees issued: Maximum amount guaranteed	**4,645,945**	**–**	**–**	**4,645,945**

	2012			
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	2,338,376	1,385,026	396,259	4,119,661
Senior notes	354,293	354,293	4,002,606	4,711,192
Trade payables	812,921	–	–	812,921
Financial liabilities included in other payables and accruals	1,326,767	–	–	1,326,767
Due to related parties	70,250	–	–	70,250
Derivative financial instruments	7,871	–	31,637	39,508
	4,910,478	1,739,319	4,430,502	11,080,299
Financial guarantees issued: Maximum amount guaranteed	2,877,392	–	–	2,877,392

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Company

	2013			
	Within one year or on demand RMB'000	**In the second year RMB'000**	**In the third to fifth years, inclusive RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**208,331**	**–**	**–**	**208,331**
Senior notes	**455,139**	**455,139**	**4,639,426**	**5,549,704**
Financial liabilities included in other payables and accruals	**130,130**	**–**	**–**	**130,130**
Due to subsidiaries	**707,657**	**–**	**–**	**707,657**
Derivative financial instruments	**6,900**	**–**	**–**	**6,900**
	1,508,157	**455,139**	**4,639,426**	**6,602,722**

	2012			
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	86,205	90,170	240,969	417,344
Senior notes	354,293	354,293	4,002,606	4,711,192
Financial liabilities included in other payables and accruals	120,460	–	–	120,460
Due to a subsidiary	1,056	–	–	1,056
Derivative financial instruments	7,871	–	31,637	39,508
	569,885	444,463	4,275,212	5,289,560

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a net gearing ratio, which is net debt divided by the total equity. Net debt includes total interest-bearing bank and other borrowings and senior notes (as shown in the consolidated statement of financial position) less cash and bank balances (including restricted cash, time deposits and pledged deposits). Capital comprises all components of equity (i.e., share capital, non-controlling interests and reserves). The Group aims to maintain a healthy and stable net gearing ratio.

The net gearing ratios as at 31 December 2013 and 2012 were as follows:

	2013 **RMB'000**	2012 RMB'000
Interest-bearing bank and other borrowings (note 32)	**5,566,538**	3,760,300
Senior notes (note 33)	**4,132,756**	3,195,049
Less: Cash and bank balances (note 28)	**(4,365,274)**	(3,128,290)
Net debt	**5,334,020**	3,827,059
Total equity	**8,502,207**	6,920,884
Net gearing ratio	**62.7%**	55.3%

49. EVENTS AFTER THE REPORTING PERIOD

On 3 January 2014, the Company, as borrower, executed a facility agreement (the "Facility Agreement") with, among others, various subsidiaries of the Group as guarantors and a syndicate of banks as lender for a 3-year dual tranche term loan facility in an aggregate amount of US$27,000,000 and HK$500,000,000 (the "Facility") to finance the repayment of certain existing indebtedness, land acquisitions and general corporate funding of the Group.

Under the Facility Agreement, Mr. Wong must (i) remain the single largest shareholder in the Company, (ii) hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company's voting share capital and (iii) continue to control the Company. A breach of such requirements will constitute an event of default under the Facility Agreement and, as a result, the Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may also trigger the cross default provisions of the 2011 Senior Notes and the 2012 Senior Notes.

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 March 2014.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out as below:

RESULTS

	Year ended 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**6,588,124**	3,636,658	3,770,348	4,131,295	586,463
Cost of sales	**(4,742,908)**	(2,352,023)	(2,227,639)	(2,537,800)	(292,804)
Gross profit	**1,845,216**	1,284,635	1,542,709	1,593,495	293,659
Other income and gains	**162,562**	97,627	107,617	22,219	16,039
Changes in fair value of investment properties	**602,909**	381,754	348,361	64,228	371,613
Selling and marketing expenses	**(184,547)**	(102,389)	(130,807)	(101,066)	(38,955)
Administrative expenses	**(301,445)**	(259,016)	(204,129)	(171,583)	(91,197)
Other expenses	**(711)**	(5,098)	(1,720)	(832)	(137)
Finance costs	**(246,103)**	(107,052)	(130,872)	(6,891)	(5,642)
Exchange differences arising from retranslation of senior notes, net	**–**	2,546	(48,411)	–	–
Share of profits and losses of:					
Joint ventures	**25,772**	1,018	(4,964)	92,283	(1,598)
Associates	**1,689**	(1,928)	(9,907)	35,565	(3,095)
PROFIT BEFORE TAX	**1,905,342**	1,292,097	1,467,877	1,527,418	540,687
Income tax expense	**(731,078)**	(391,073)	(590,874)	(591,107)	(178,996)
PROFIT FOR THE YEAR	**1,174,264**	901,024	877,003	936,311	361,691
Attributable to:					
Owners of the parent	**887,816**	672,003	715,757	946,125	373,434
Non-controlling interests	**286,448**	229,021	161,246	(9,814)	(11,743)
	1,174,264	901,024	877,003	936,311	361,691

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**26,928,930**	20,028,730	15,285,874	10,577,689	8,705,494
TOTAL LIABILITIES	**(18,426,723)**	(13,107,846)	(9,366,967)	(5,892,739)	(6,393,268)
NON-CONTROLLING INTERESTS	**(2,763,201)**	(2,079,535)	(1,596,413)	(1,017,891)	(802,851)
	5,739,006	4,841,349	4,322,494	3,667,059	1,509,375