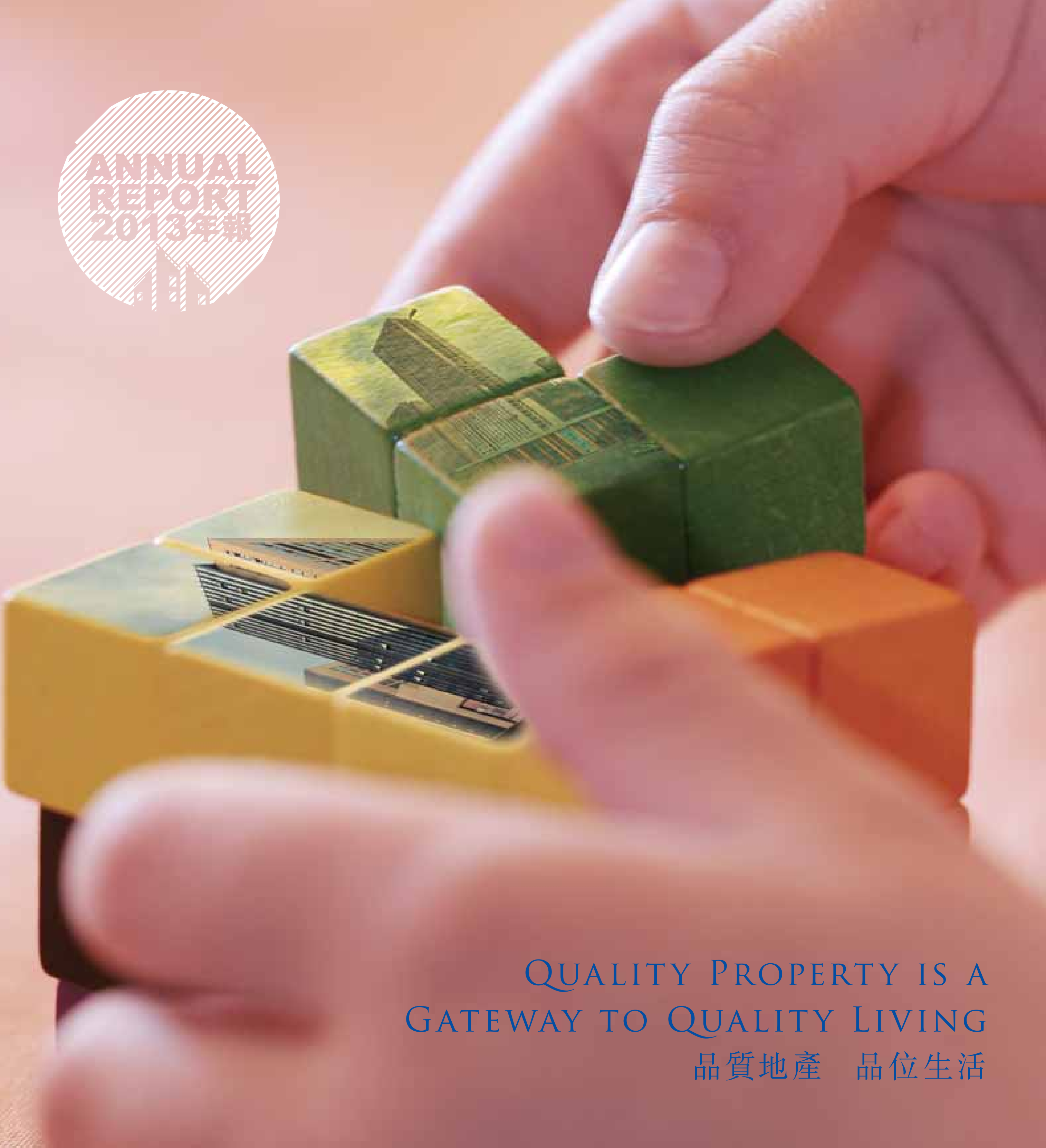
萊蒙國際
TOPSPRING

TOP SPRING INTERNATIONAL HOLDINGS LIMITED
萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號: 03688

ANNUAL REPORT 2013年報



QUALITY PROPERTY IS A
GATEWAY TO QUALITY LIVING
品質地產　品位生活

We Believe
使命
quality property is a gateway to quality living
品質地產，品位生活

Our Vision
願景
is to build and operate the best urban communities for China
力鑄中國最優的城市綜合體開發與運營商

We Value
企業價值
joint efforts in creating and celebrating success
共創輝煌，分享成功

Brand Commitment
品牌承諾
value proven with time
時間見證價值

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Group Introduction

Top Spring International Holdings Limited ("**Top Spring**" or the "**Company**", together with its subsidiaries, collectively the "**Group**", "**we**" or "**us**") is a real estate property developer in the People's Republic of China ("**PRC**") specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. Based in Hong Kong and Shenzhen and under the leadership of Mr WONG Chun Hong, our Founder, Chairman and Chief Executive Officer, as at 31 December 2013, we had a total of 20 property projects over 10 cities at various stages of development in Shenzhen, Shanghai, Nanjing, Nanchang, Chengdu, Huizhou, Hangzhou, Dongguan, Tianjin and Changzhou with a net saleable and leasable gross floor area ("**GFA**") of approximately 5,253,877 square metres ("**sq.m.**").

On 23 March 2011, Top Spring listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The listing on the Stock Exchange not only represents a successful establishment of a global financing platform that forms a solid foundation for our long-term development, but also allows the Company to further improve its corporate governance standards, to recruit and retain competent employees in the PRC property industry as well as to improve the Company's brand equity and raise its profile among its customers.

We intend to continue to leverage our experience in identifying land with investment potential at advantageous times and acquiring land reserves at relatively low cost. Moreover, we intend to continue to acquire low-cost land in locations with vibrant economies and strong potential growth. With our rapid asset-turnover model, low-cost land reserve policy and highly trained and dedicated management team, we are fully prepared to become one of the leading property developers in the PRC.

Overview
of Our Business

Overview of Our Property Developments

Most of our property projects are developed in multiple phases and each phase may be at a different stage of development. We classify our property projects, for which we have obtained some or all of the land use right certificates or entered into land grant contracts, into the following three categories: completed projects, projects under development and projects held for future development. Other projects, for which we have yet to enter into any land grant contract or obtain any land use right certificate but have right and/or obligation to acquire, are classified as projects contracted to be acquired.

During the year ended 31 December 2013, the Group acquired additional land bank or new projects in Shanghai, Shenzhen, Nanjing and Hangzhou with the total estimated saleable/leasable GFA of approximately 726,211 sq.m. at a total consideration or estimated maximum cash compensation of approximately RMB6,487.8 million (equivalent to approximately HK$8,181.3 million).

As at 31 December 2013, we had a total of 20 property projects over 10 cities at various stages of development located in Shenzhen, Shanghai, Nanjing, Nanchang, Chengdu, Huizhou, Hangzhou, Dongguan, Tianjin and Changzhou, including a net saleable and leasable GFA of approximately 421,428 sq.m. for completed projects, a net saleable and leasable GFA of approximately 1,133,454 sq.m. for projects under development, a net saleable and leasable GFA of approximately 2,073,003 sq.m. for projects held for future development and a net saleable and leasable GFA of approximately 1,625,992 sq.m. for projects contracted to be acquired (although there can be no assurance that we will be successful in such acquisitions), totalling a net saleable and leasable GFA of approximately 5,253,877 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both redevelopment projects), the remaining land bank of the Group with approximately 3,606,829 sq.m. has an average land cost of approximately RMB2,786.3 per sq.m. (equivalent to approximately HK$3,563.5 per sq.m.).

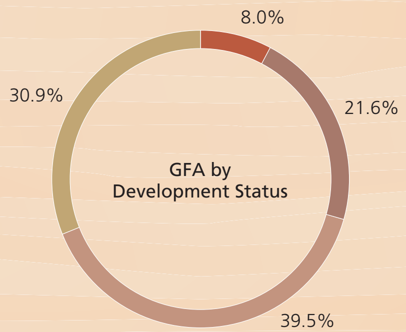
Overview of Our Business


The table below sets forth the net saleable and leasable GFA information of our 20 property projects in terms of planned use of the properties as at 31 December 2013.

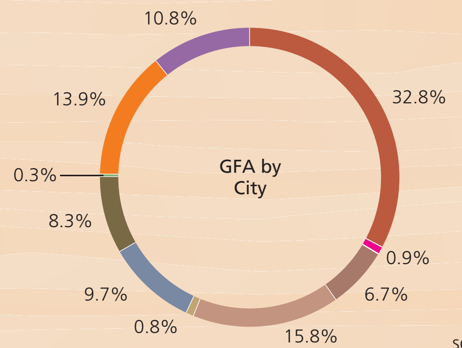
	Completed GFA sq.m.	Under Development GFA sq.m.	Held for Future Development GFA sq.m.	Contracted to be Acquired GFA sq.m.
Properties held for sale				
Residential	65,096	903,055	793,312	886,661
Hotel/Serviced apartments	33,858	–	102,907	–
Retail	32,033	138,464	851,896	288,227
Office	3,096	88,975	122,029	86,930
Others	–	–	26,859	364,174
Sub-total	134,083	1,130,494	1,897,003	1,625,992
Properties held for investment				
Serviced apartments	49,357	–	20,000	–
Retail	237,988	2,960	156,000	–
Sub-total	287,345	2,960	176,000	–
Net saleable and leasable GFA	421,428	1,133,454	2,073,003	1,625,992

Net saleable and leasable GFA by development status and city

as at 31 December 2013



	sq.m.
Completed projects	421,428
Projects under development	1,133,454
Projects held for future development	2,073,003
Projects contracted to be acquired	1,625,992
Total GFA	5,253,877



	sq.m.
Shenzhen	1,722,569
Shanghai	49,357
Nanjing	350,731
Nanchang	830,323
Chengdu	40,076
Huizhou	510,568
Hangzhou	433,995
Dongguan	20,217
Tianjin	730,278
Changzhou	565,763
Total GFA	5,253,877

Land Bank as at 31 December 2013

The Group is specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2013, the Group had a total of 20 projects over 10 cities in various stages of development, including a net saleable and leasable GFA of approximately 421,428 sq.m. for completed projects, a net saleable and leasable GFA of approximately 1,133,454 sq.m. for projects under development, a net saleable and leasable GFA of approximately 2,073,003 sq.m. for projects held for future development and a net saleable and leasable GFA of approximately 1,625,992 sq.m. for projects contracted to be acquired (although there can be no assurance that we will be successful in such acquisitions), totalling a net saleable and leasable GFA of approximately 5,253,877 sq.m.

During the year ended 31 December 2013, the Group acquired additional land bank or new projects in Shanghai, Shenzhen, Nanjing and Hangzhou with the total estimated saleable/leasable GFA of approximately 726,211 sq.m. at a total consideration or estimated maximum cash compensation of approximately RMB6,487.8 million (equivalent to approximately HK$8,181.3 million). As at 31 December 2013, the Group had a total net saleable and leasable land bank of approximately 5,253,877 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both redevelopment projects), the remaining land bank of the Group with approximately 3,606,829 sq.m. has an average land cost of approximately RMB2,786.3 per sq.m. (equivalent to approximately HK$3,563.5 per sq.m.).

Overview of Our Business


Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley Phase 1	Residential	996	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	770	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	3,291	100
2	Shenzhen	The Spring Land – Shenzhen Phase 1	Residential/ Commercial	3,357	100
2	Shenzhen	The Spring Land – Shenzhen Phase 3	Residential/ Commercial	22,964	100
2	Shenzhen	The Spring Land – Shenzhen Phase 5	Residential/ Commercial	9,086	100
2	Shenzhen	The Spring Land – Shenzhen Phase 6A	Residential/ Commercial	7,522	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Residential/ Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Fashion Mark Phase 2	Residential/ Commercial	32,141	100
4	Changzhou	Changzhou Fashion Mark Phase 4	Residential/ Commercial	15,966	100
5	Changzhou	Changzhou Le Leman City Phase 1 (1-A)	Residential/ Commercial	1,428	100
5	Changzhou	Changzhou Le Leman City Phase 2 (2-A)	Commercial	42	100
5	Changzhou	Changzhou Le Leman City Phase 3 (1-C)	Residential	3,278	100
5	Changzhou	Changzhou Le Leman City Phase 4 (3-B)	Residential/ Commercial	1,576	100
5	Changzhou	Changzhou Le Leman City Phase 5 (1-B)	Residential/ Commercial	1,102	100
5	Changzhou	Changzhou Le Leman City Phase 6 (3-A)	Residential	6,662	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-B)	Residential/ Commercial	6,206	100
5	Changzhou	Changzhou Le Leman City Phase 9 (2-B)	Residential/ Commercial	43,894	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Retail asset and Holiday-Inn Hotel)	Commercial/ Hotel	50,716	100
6	Dongguan	Dongguan Landmark	Residential/ Commercial	20,217	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,182	100
8	Hangzhou	Hangzhou Hidden Valley Phase 1	Residential	22,980	100
9	Chengdu	Chengdu Fashion Mark	Commercial	40,076	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments/ Car parks	49,357	70
Subtotal				**421,428**	

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Under Development					
2	Shenzhen	The Spring Land – Shenzhen Phase 6B	Residential/ Commercial	56,900	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-A)	Residential/ Commercial	84,921	100
5	Changzhou	Changzhou Le Leman City Phase 8 (5-B)	Residential	98,855	100
8	Hangzhou	Hangzhou Hidden Valley Phase 2	Residential	24,107	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phase 1	Commercial	34,204	58
12	Huizhou	Huizhou Hidden Bay Phase 1	Residential	136,500	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	440,594	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	144,625	100
15	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial	112,748	100
Subtotal				**1,133,454**	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City Phase 10 (5-A)	Residential/ Commercial	109,500	100
5	Changzhou	Changzhou Le Leman City Phase 11 – extended area	Residential/ Commercial	62,849	100
8	Hangzhou	Hangzhou Hidden Valley Phases 3-9	Residential	247,978	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phases 2-5, (Lot 5 and 7) and (Lot 8)	Commercial	696,074	58
12	Huizhou	Huizhou Hidden Bay Phases 2-5	Residential	374,068	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	389,729	70
16	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
17	Shenzhen	Shenzhen Buji Market Project – the Cold Store	Commercial	15,955	55
18	Nanjing	The Sunny Land – Nanjing	Residential	161,850	100
Subtotal				**2,073,003**	
Projects Contracted To Be Acquired					
17	Shenzhen	Shenzhen Buji Market Project – excluding the Cold Store	Commercial	342,045	55
19	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial	1,239,691	100
20	Nanjing	Nanjing North Square Project	Commercial	44,256	90
Subtotal				**1,625,992**	
TOTAL				**5,253,877**	

Details of the land reserves or projects acquired and disposed of from 1 January 2013 to the date of this report are set out below:

Land reserves or projects acquired from 1 January 2013 to the date of this report
Land reserves acquired:

City	Project	Total Consideration RMB'000	Site Area sq.m.	Total Saleable/ Leasable GFA sq.m.	Average Cost RMB per sq.m.	Interest Attributable to the Group %
Hangzhou	The Spring Land – Hangzhou[1]	1,550,640	28,704	112,748	13,753.1	100
Nanjing	The Sunny Land – Nanjing[2]	1,400,000	63,328	161,850	8,650.0	100
Total		2,950,640	92,032	274,598	10,745.3	

Projects acquired:

City	Project	Total Consideration or Estimated Maximum Cash Compensation RMB'000	Total Saleable/ Leasable or Estimated Saleable/ Leasable GFA sq.m.	Total Number or Estimated Number of Underground Car Park Units	Interest Attributable to the Group %
Shanghai	Shanghai Shama Century Park[3]	1,198,137	49,357	240	70
Shenzhen	Shenzhen Buji Market Project[4]	2,100,000	358,000	N/A	55
Nanjing	Nanjing North Square Project[5]	239,040	44,256	300	90
Sanhe	Hebei Sanhe Yanjiao Project[6]	365,528	405,870	N/A	51
		3,902,705	857,483	540	

Notes:

(1) In May 2013, the Group successfully bid a parcel of residential and commercial land in Hangzhou through public auction at a consideration of RMB1,550,640,000 (equivalent to approximately HK$1,943,157,000). The Group entered into a land grant contract for the land with a total site area of approximately 28,704 sq.m. in May 2013. The Group obtained the land use rights certificate for the parcel of land in November 2013.

(2) In August 2013, the Group successfully bid a parcel of residential land in Nanjing through public auction at a consideration of RMB1,400,000,000 (equivalent to approximately HK$1,754,386,000). The Group entered into a land grant contract for the land with a total site area of approximately 63,328 sq.m. in August 2013. The Group obtained the land use rights certificate for the parcel of land in February 2014.

(3) On 16 August 2013, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group conditionally agreed to purchase the entire issued share capital of SSCP Limited which indirectly owned Shanghai Shama Century Park (an operational serviced apartment project with 284 residential units plus 240 underground car park units for leasing currently). The completion of the transaction took place on 27 September 2013. The consideration for the acquisition was RMB1,711,624,000 (equivalent to approximately HK$2,157,645,000). For details, please refer to the Company's announcement and circular dated 19 August 2013 and 18 October 2013, respectively.

On 31 October 2013, the Group entered into another share purchase agreement with a connected person pursuant to which the Group conditionally agreed to sell (i) 30% of the issued share capital of Shine Rise International Limited ("**Shine Rise**"), which was an indirect wholly-owned subsidiary of the Company and indirectly owns Shanghai Shama Century Park, for a consideration of RMB6,555,000 (equivalent to approximately HK$8,259,000) and (ii) 30% of the outstanding shareholder's loan of Shine Rise as at the date of the completion of this transaction, being 27 December 2013, at RMB237,000,000 (equivalent to approximately HK$298,620,000). As a result, the Group has had 70% effective interest over Shanghai Shama Century Park since 27 December 2013. For details, please refer to the Company's announcement and circular dated 31 October 2013 and 29 November 2013, respectively.

(4) On 15 November 2013, the Group entered into a cooperation framework agreement with 深圳市農產品股份有限公司 (Shenzhen Agricultural Products Co., Ltd.*) ("**Shenzhen Agricultural Products**"), a connected person. Pursuant to the cooperation framework agreement, 深圳市信祥投資發展有限公司 (Shenzhen Xinxiang Investment Development Co., Ltd.*) ("**Shenzhen Xinxiang**"), an indirectly non-wholly owned subsidiary of the Company, has agreed to be the sole principal of the urban renewal project for Buji Agricultural Products Centre Wholesale Market, Luohu, Shenzhen (the "**Shenzhen Buji Market Project**"), a redevelopment project with two phases for redeveloping and reconstructing a land attached to the project, upon obtaining the approval of the PRC Government. Shenzhen Agricultural Products has agreed to solely cooperate with Shenzhen Xinxiang in the Shenzhen Buji Market Project. The maximum cash compensation payable by Shenzhen Xinxiang in relation to Phase 1 redevelopment of Shenzhen Buji Market Project is estimated to be RMB2,100,000,000 (equivalent to approximately HK$2,646,000,000). For details, please refer to the Company's announcement and circular dated 17 November 2013 and 27 December 2013, respectively.

(5) On 31 December 2013, the Group entered into a share and shareholder's loan transfer agreement with an independent third party. Pursuant to the share and shareholder's loan transfer agreement, the Group conditionally agreed to acquire the entire issued share capital in Urban Transportation Infrastructure Development Limited which indirectly owns 90% interest in Nanjing North Square Project and an outstanding shareholder's loan of Urban Transportation Infrastructure Development Limited at an aggregate consideration of RMB239,040,000 (equivalent to approximately HK$303,581,000). Since 2 January 2014 (the date of completion of this transaction), the Group has had 90% interest over Nanjing North Square Project. For details, please refer to the Company's announcement dated 31 December 2013.

(6) On 23 January 2014, the Group entered into a capital injection agreement with an independent third party. Pursuant to the capital injection agreement, the Group agreed to inject capital in 三河市學者之家投資有限公司 (Sanhe City Xue Zhe Zhi Jia Investment Limited*), which owns Hebei Sanhe Yanjiao Project, in the total amount of RMB228,140,000 (equivalent to approximately HK$289,738,000) and to provide a shareholder's loan in an amount of RMB137,388,000 (equivalent to approximately HK$174,482,000) to Sanhe City Xue Zhe Zhi Jia Investment Limited. Upon completion of this transaction, the Group will have 51% interest over Hebei Sanhe Yanjiao Project. For details, please refer to the Company's announcement dated 23 January 2014.

The Group intends to continue to leverage its experience in identifying land with investment potential at advantageous times and acquiring land reserves at relatively low cost. Moreover, the Group intends to continue to acquire low-cost land in locations with vibrant economies and strong growth potential.

Land reserve disposed of from 1 January 2013 to the date of this report

Pursuant to a sale and purchase agreement dated 23 January 2013, the Group conditionally agreed to sell the entire issued share capital in Top Spring International (Taihu Bay) Development Limited ("**Top Spring Taihu Bay**") which indirectly owned the land of Taihu Hidden Valley Project, and the loan outstanding and owed by Top Spring Taihu Bay to Top Spring International (BVI) Limited as at the date of completion of the transaction at a total consideration of approximately HK$685,253,000 to an independent third party. The completion of the transaction took place on 3 May 2013 and this resulted in a net gain on disposal of a subsidiary of approximately HK$186,640,000. As at 2 May 2013, the net saleable GFA of the Taihu Hidden Valley Project attributable to the Group was approximately 350,001 sq.m.

* *For identification purposes only*

Expected Project Commencement and Completion in 2014

In 2014, the Group intends to commence construction on eight projects with a total saleable/leasable GFA of approximately 872,116 sq.m.

Details of the projects with expected commencement of construction in 2014 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Nanjing	The Sunny Land – Nanjing	161,850
Nanjing	Nanjing North Square Project	44,256
Nanchang	Nanchang Fashion Mark (Lot B12)	125,768
Hangzhou	Hangzhou Hidden Valley Phase 3	26,225
Huizhou	Huizhou Hidden Bay Phase 2	132,775
Sanhe	Hebei Sanhe Yanjiao Project	158,538
Changzhou	Changzhou Le Leman City Phase 10 (5-A)	109,500
Changzhou	Changzhou Le Leman City Phase 11 – extended area	62,849
Tianjin	Tianjin Le Leman City (Lot 4) Phases 2-3	50,355
Total		872,116

The Group also intends to complete the construction on seven projects with a total saleable/leasable GFA of approximately 570,047 sq.m. in 2014.

Details of the projects with expected completion in 2014 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Shenzhen	The Spring Land – Shenzhen Phase 6B	56,900
Nanjing	The Spring Land – Nanjing	144,625
Nanchang	Nanchang Fashion Mark – low rise residential	39,362
Hangzhou	Hangzhou Hidden Valley Phase 2	24,107
Huizhou	Huizhou Hidden Bay Phase 1	136,500
Changzhou	Changzhou Le Leman City Phase 7 (4-A)	84,921
Changzhou	Changzhou Le Leman City Phase 8 (5-B) – partial	49,428
Tianjian	Tianjin Le Leman City (Lot 4) Phase 1	34,204
Total		570,047

Corporate Information


BOARD OF DIRECTORS

Executive Directors
Mr WONG Chun Hong *(Chairman and Chief Executive Officer)*
Ms LI Yan Jie
Mr LEE Sai Kai David
Mr LAM Jim *(Chief Financial Officer)*
Mr CHEN Feng Yang *(Chief Operating Officer)*

Independent Non-executive Directors
Mr BROOKE Charles Nicholas
Mr CHENG Yuk Wo
Professor WU Si Zong

COMPANY SECRETARY

Ms LUK Po Chun, CPA, ACCA

AUTHORISED REPRESENTATIVES

Mr LEE Sai Kai David
Ms LUK Po Chun

AUDIT COMMITTEE

Mr CHENG Yuk Wo *(Chairman)*
Mr BROOKE Charles Nicholas
Professor Wu Si Zong

REMUNERATION COMMITTEE

Mr CHENG Yuk Wo *(Chairman)*
Mr WONG Chun Hong
Professor WU Si Zong

NOMINATION COMMITTEE

Professor WU Si Zong *(Chairman)*
Mr WONG Chun Hong
Mr CHENG Yuk Wo

CORPORATE GOVERNANCE COMMITTEE

Mr LEE Sai Kai David *(Chairman)*
Mr LAM Jim
Mr CHENG Yuk Wo

AUDITORS

KPMG

HONG KONG LEGAL ADVISERS

Hogan Lovells

COMPLIANCE ADVISER

Investec Capital Asia Limited

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 04-08, 26th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

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 BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Minsheng Banking Corp., Ltd.
Shenzhen Development Bank
Industrial and Commercial Bank of China Limited
Agricultural Bank of China
China Construction Bank
Industrial and Commercial Bank of China (Macau) Limited
Hang Seng Bank Limited
Industrial Bank Co., Limited
Bank of Communications
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank

INVESTOR RELATIONS

Mr LEUNG Ka Lock Eric

STOCK CODE

03688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

Honours and Awards


GROUP AWARDS

"Caring Company" Logo
The Hong Kong Council of Social Service

2013 10th Listed Developer (Bluechip) with Greatest Investment Value in China
The Economic Observer

2013 Most Valuable Listed Real Estate Company
Boao Real Estate Forum Committee, Guandian.cn

Golden Bauhinia Awards: Best Small and Medium-sized Listed Company
Ta Kung Pao

PROJECT AWARDS

The Spring Land – Shenzhen
2013 Third Best-selling Single Project (Sales Area) in Baoan District Shenzhen
SZhome.com

The Spring Land – Shenzhen
2013 Second Best-selling Single Project (Sales Amount) in Baoan District Shenzhen
SZhome.com

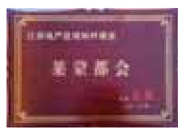
The Spring Land – Shenzhen
2013 Top Ten Single Project (Sales Area) in Shenzhen
SZhome.com

The Spring Land – Shenzhen
2013 Top Ten Single Project (Sales Amount) in Shenzhen
SZhome.com

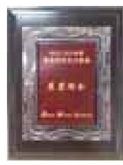
Water Flower Property –
2013 Top Ten Developers (Sales Area) in Shenzhen
SZhome.com

Water Flower Property –
2013 Top Ten Developers (Sales Amount) in Shenzhen
SZhome.com

Nanchang Fashion Mark –
2013 Best Urban Mix-used Community Model in China
Boao Real Estate Forum Committee, Guandian.cn



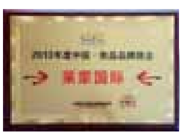
Nanchang Fashion Mark –
Landmark Real Estate Project in Jiangxi
JiangXi Morning Post



Nanchang Fashion Mark –
2012–2013 Online User's Most Popular Project
Sina House

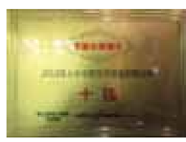
Nanchang Fashion Mark –
Excellent House in China
House.qq.com

Nanchang Fashion Mark –
2013 "King" of Landmark Projects in Nanchang, China
Soufun.com



Top Spring – 2013 Best Real Estate Brand in Nanchang, China
Soufun.com

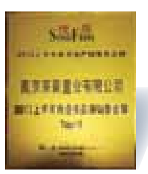
Nanjing Top Spring Real Estate Co., Ltd. (南京萊蒙置業有限公司)
2012–2013 Most Promising Developing Real Estate Company in Nanjing
"Loushi" Programme of JSBC (江蘇廣電總台(樓事)欄目)



The Spring Land – Nanjing
Top Ten Projects (Sales Amount) in Nanjing for 1H 2013
Nanjing Real Estate Administration Office (南京房地產管理辦公室), Winsun, house 365

The Spring Land – Nanjing
2013 Recommended Best-selling Projects in Nanjing
Nanjing Real Estate Development And Promotion Association (南京房地產開發建設促進會)

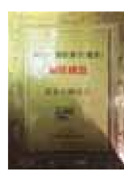
Ranking (Sales Amount) in Nanjing for 1H 2013
The Spring Land – Top Ten Projects (Sales Amount) for 1H 2013
Soufun.com



Ranking (Sales Amount) in Nanjing for 1H 2013
Nanjing Top Spring Real Estate Co., Ltd. (南京萊蒙置業有限公司)
Top Ten Projects (Sales Amount) for 1H 2013
Soufun.com

The Spring Land – Nanjing
2013 Top Ten Projects (Sales Amount) in Nanjing
Nanjing Real Estate Administration Office (南京房地產管理辦公室), Winsun, house 365

The Spring Land – Nanjing
2013 Livable Projects in Nanjing
Sina House



The Spring Land – Nanjing
2013 Property Awarded "Excellent House in China" and "Harmonious House" Titles
Huanet • Xinhua Property (華網 • 新華房產)


PROJECT AWARDS

2013 Outstanding Marketing Team
The Spring Land Marketing Team
House365.com

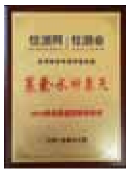
The Spring Land – Nanjing
2013 Best-selling Project in Nanjing
House.qq.com

The Spring Land – Nanjing
2013 Recommended Project by Entrepreneurs in Nanjing
JiangSu Business News

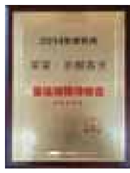
The Spring Land
2013 Best Project Model
www.focus.cn

Huizhou Hidden Bay –
2012 Project with Greatest Investment Value in China
Boao Real Estate Forum Committee, Guandian.cn

The Spring Land – Hangzhou
Emerging Star for the Region
Real Estate from ZJTV's Perspective
(經視看地產)



The Spring Land – Hangzhou
2014 Most Promising Projects in Hangzhou
keyhouse.cn



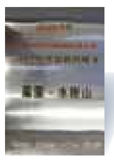
The Spring Land – Hangzhou
2014 Most Promising Projects in Hangzhou
hzfc365.com

2013 Real Estate Media Award in Zhejiang
Zhejiang Shilai Cultural Media
(浙江時萊文化傳媒)

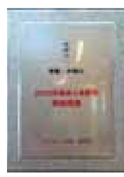
Hangzhou Hidden Valley –
2012 Top Ten Most Promising Projects
2011 Real Estate Property Popularity Ranking on Focus.cn
(2011年度搜狐焦點地產人氣排行)

Hangzhou Hidden Valley –
2012 Most Influential Project in China
Boao Real Estate Forum Committee, Guandian.cn

Hangzhou Hidden Valley –
2012 Most Promising Projects
Internet Media Awards of China (Hangzhou)
(中國(杭州)互聯網傳媒大獎)



Hangzhou Hidden Valley –
2012 Best-selling Project
Internet Media Awards of China (Hangzhou)
(中國(杭州)互聯網傳媒大獎)



Hangzhou Hidden Valley –
2012 Best Residential Project Model
Real Estate World (房產天下雜誌), Focus.cn

2012 Gold Prize for Taxpayers
Wujin District Committee of Changzhou of the Communist Party of China, the People's Government of Wujin District of Changzhou

2012 Elite Enterprise (5 Stars)
Changzhou Committee of the Communist Party of China, Changzhou Municipal People's Government

2012 Top Ten Taxpayers in the Service Industry
Zhonglou District Committee of the Communist Party of China, the People's Government of Zhonglou District

Member Certificate of The Credible Alliance of Enterprises in the Property Sector of Zhonglou District
The Credible Alliance of Enterprises in the Property Sector of Zhonglou District of Changzhou
(常州市鐘樓區物業企業誠信聯盟)

Best Property Award – Changzhou
Noah Enterprise Alliance
(諾亞方舟企業聯盟)

Member Certificate of Changzhou Fireman Union
Changzhou Fireman Union
(常州市消防協會)

GROUP AWARD

2013 Most Stable Real Estate Company in China
The Time Weekly

PROJECT AWARDS

The Spring Land – Nanjing – 2013 Top Ten Best-selling Projects in Nanjing
Yangtse Evening Post Property List
(揚子晚報《地產總評榜》)

Huizhou Hidden Bay – 2013 Best Real Estate Property for Vacation in China
The Time Weekly

Huizhou Hidden Bay – 2013 Most Valuable Resort Project in Xunliao Bay
fzg360.com

Water Flower Property – 2013 Top Ten Developers in Shenzhen
Shenzhen Real Estate Association

Hangzhou Hidden Valley – 2013 Valuable Luxury Apartment
National Business Daily

The Spring Land – Hangzhou – 2013 Regional Landmark Project
Real Estate Time
(地產時間)

Fashion Island Property Management was entitled the "Community Work Advanced Unit" for its performance in 2013 – Hongfu Neighborhood Committee
(鴻福社區居委會)
Hongfu Neighborhood Party Branch
(鴻福社區黨支部)

Corporate Social Responsibility

As an evolving listed company living up its corporate value of "joint efforts in creating and celebrating success", Top Spring is always conscious of its responsibilities as a corporate citizen to the community at large and spares no effort in fulfilling its social responsibility and has always been proactive in promoting the development of corporate social responsibility.

In 2013, the Group, under the leadership of our Chairman, Mr WONG Chun Hong, gained a lot of recognitions from the society for a variety of charitable works including the provision of aids to the minority society, improving the living standard of the community, making contributions in education and cultural affairs. This year, Top Spring embarked on new efforts with the Hong Kong Society of Rehabilitation to achieve charity mission through volunteering cooperation.

Yee Hong Heights

The Group's professional team overcame many challenges and spent great efforts to help the Yee Hong Heights carry out the replacement of doors and windows and leaking improvement programme. The whole process took 8 months to complete with all the leaking windows and doors replaced, new glasses installed and new coat of paint refreshed on the exterior walls. This gave the Yee Hong Heights a new look and the elderly living there would no longer fear the stormy weather. The Group also delegated representatives to participate in the '2013 Walk for Diabetes' and 'The Singapore New Sunshine' campaigns. In addition, the Group also made donations to the Hong Kong Girl Guides Celebrity Charity Concerts, the 6th Hong Kong Teachers' Sports Festival, Katie Piper Charitable Foundation and the New Territories Outstanding Youth Elections etc.

Sunshine Programme

Yee Hong Heights

Walk for Diabetes

Over the years, Mr WONG Chun Hong and the Group, together have made many donations, contributing to various charity activities including the donations for the Yaan Earthquake, Wenchuan Earthquake, flood in Eastern China, Changzhou Charity Funds, Changzhou Tianning Temple, Changzhou Wujin Charity Funds, Guangxi Bobai elementary and high school, Guangxi Baise Education Foundation, Shenzhen Charity Foundation, City University of Hong Kong, the Hong Kong Society of Rehabilitation, the Chinese University of Hong Kong, the Wu Jinglian Learning Foundation and other charitable activities. The Group has co-founded the New Great Wall Scholarship Project along with the China Foundation for Poverty Alleviation, supporting students from poor families in Guangdong, Jiangsu, Jiangxi, Yangzhou and Sichuan.


Thanksgiving Mothers' Day

Thanksgiving Mothers' Day

In addition, the pursuit of charity will mean more than just donations as the Group will also deliver the caring elements to the social harmony. In 2013, the Group's subsidiaries volunteered to organize a range of charity activities such as 'New Year Blessing with Love at Yuhang – Visiting Local Orphan House', 'Thanksgiving Mothers' Day', volunteer for tree planting and other social caring events.

New Year Blessing with Love at Yuhang - Visiting Local Orphan House

Volunteer for tree planting

1 New Great Wall Scholarship Project

2 Top Spring Star of Hope Class

In the future, Top Spring will continuously endeavor to be a well-respected company and is always committed to promote a series of Corporate Social Responsibility activities based on the Group's overall strategic development to cope with the developments and needs of the society.

Chairman's Statement

BUSINESS REVIEW

In 2013, the PRC property market recorded a strong growth in both transaction volume and pricing.

Total area of commodity properties sold increased by approximately 17.3% to approximately 1,306 million sq.m. in 2013 as compared with 2012, significantly ahead of the approximately 1.3% year-over-year growth rate in 2012.

Slower supply growth in 2013 as a result of the subdued land market in 2012 led to a strong rise in commodity property prices in most major cities in the PRC. Commodity property prices on average rose by approximately 7.7% year-over-year in 2013, though such inflationary pressure gradually eased in the second-half of 2013. Meanwhile, the price increase of commodity properties in the first-tier cities significantly outgrown that of the lower-tier cities.

The land market started to recover in the second quarter of 2013. Since then, the land market has become more and more heated with many land parcels being transacted at record-high prices, particularly in the fourth quarter of 2013. In 2013, total land sale proceeds amounted to approximately RMB4.1 trillion, representing an increase of approximately 44.7% as compared with 2012.

The Group seized the favourable supply and demand market condition and launched a total of seven new projects or new phases of existing projects in Shenzhen, Nanjing, Nanchang, Huizhou, Hangzhou and Changzhou for pre-sales during 2013. In 2013, total contracted sales amounted to approximately HK$10.1 billion, representing an increase of approximately 61.2% as compared with 2012 and a record-high for the Group. The Group attributes the satisfactory sales performance to its renowned brand name, contemporary and innovative product design, superior product quality and desirable product mix (that is, approximately 81.4% of the contracted sales area in 2013 was represented by residential units with unit size of 144 sq.m. or below targeting first-time home buyers and first-time home upgraders). More importantly, despite ever growing market competition, the Group has continued to thrive in gaining market recognition. For instance, in terms of transaction value, The Spring Land – Shenzhen was ranked the fifth best-selling residential project in Shenzhen in 2013 and The Spring Land – Nanjing was ranked the fourth best-selling residential project in Nanjing in 2013. The inaugural launch of Phase 1 of Nanchang Fashion Mark in December 2013 also saw very strong demand from customers.

In 2013, the Group generated recurring rental income of approximately HK$197.6 million, representing an increase of approximately 52.9% as compared with 2012. In 2013, the Group significantly expanded its investment property portfolio with the successful acquisition of Shanghai Shama Century Park – an operational serviced apartment project adjacent to the Century Park in Pudong New District, Shanghai, and the inclusion of Nanchang Fashion Mark – a landmark project located at the very prime area of the Honggutan New District, the central business district of Nanchang and comprises a high-end shopping mall, retail shops and serviced apartments. The total leasable GFA of the investment property portfolio of the Group grew to approximately 466,305 sq.m. as at 31 December 2013, representing an increase of approximately 102.7% from approximately 229,993 sq.m. as at 31 December 2012. The fair value of the investment property portfolio also increased substantially by approximately 119.7% to approximately HK$9,295.3 million as at 31 December 2013 from approximately HK$4,230.8 million as at 31 December 2012 and accounted for approximately 24.0% of the Group's total asset value as at 31 December 2013.

In 2013, the Group commenced construction on two new phases and three new projects with a total saleable/leasable GFA of approximately 820,929 sq.m., representing an increase of approximately 114.6% as compared with 2012. During the year, the Group completed four phases among four projects with a total saleable/leasable GFA of approximately 308,546 sq.m., representing a decrease of approximately 38.2% as compared with 2012. Nine phases among eight projects with a total saleable/leasable GFA of approximately 1,133,454 sq.m. were under construction as at 31 December 2013, representing an increase of approximately 82.5% as compared with 2012.

The Group was quite active in replenishing its land bank and expanding its investment property portfolio through auctions and acquisitions in 2013. In May and August 2013, the Group acquired two plots of land in Hangzhou and Nanjing through auctions with an aggregate GFA of approximately 274,598 sq.m. The average land cost for these two newly acquired land plots was approximately RMB10,745.3 per sq.m. (equivalent to approximately HK$13,550.2 per sq.m.). In August 2013, the Group successfully acquired Shanghai Shama Century Park with a leasable GFA of approximately 49,357 sq.m. The project is being held as an investment property of the Group. In November 2013, the Group entered into the cooperation framework agreement with Shenzhen Agricultural Products for the redevelopment and reconstruction of the Shenzhen Buji Market Project located in the Luohu District of Shenzhen into a planned commercial mixed-use development project. Finally, the Group acquired a relatively small commercial property project in Nanjing in December 2013 with a saleable GFA of approximately 44,256 sq.m. Including the newly acquired projects, the Group had a land bank with a total saleable and leasable GFA of approximately 5,253,877 sq.m. which comprised 20 projects in 10 cities as at 31 December 2013. As at 31 December 2013, the average cost of the Group's land bank of approximately 3,606,829 sq.m., representing the land bank of the Group excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both redevelopment projects), was approximately RMB2,786.3 per sq.m. (equivalent to approximately HK$3,563.5 per sq.m.).

In 2013, the Group further strengthened its operational efficiency and execution capability with an aim to further increasing its asset turnover by shortening the project development cycle. Significant progress was also made in other areas such as product quality, product design, cost control, standardisation of products and operational procedures as well as level of customer satisfaction.

FUTURE OUTLOOK

In our view, the policy direction towards the PRC real estate sector is gradually shifting away from reliance on administrative measures in favour of market-oriented approach. Going forward, we believe land supply, taxes (including property tax) and interest rates will increasingly be used as the major tools for regulating the real estate sector by the Chinese government. Moreover, other reform initiatives such as urbanisation, relaxation of the one-child policy and reform of the household registration system, marketisation of rural land as unveiled at the conclusion of the Third Plenary Session of the 18th Central Committee of the Communist Party of China held in November 2013 shall also bode well for the medium- to long-term development of the real estate sector. Specifically, it was estimated that urbanisation and the reform of the household registration system alone could lead to an increase of 200 million urban citizens over a period of time.

Notwithstanding the above long-term positive factors, we are cautious about the near-term outlook of the sector. Firstly, we believe the Chinese government is determined to reform the domestic financial sector, which could lead to a potential decline in market liquidity in the near term. Secondly, the ongoing US quantitative measures tapering could lead to increased financial market volatility and potential capital outflows for emerging economies, including China. Thirdly, the ongoing slowdown of the Chinese economy should lead to slower income growth and lower inflationary pressure, both would have a negative effect on the demand for properties.

Given the uncertainties above amid the current overheated land market, the Group will be more cautious towards its pace of expansion and land acquisitions in 2014.

Chairman's Statement

In 2014, the primary focus of the Group would be to promote contracted sales and cash recovery. Considering the land bank acquired in recent years and the continuous improvement on operational efficiency, the Group's saleable resources are expected to grow to approximately HK$19.5 billion in 2014. Moreover, approximately 64.1% of the Group's saleable resources in 2014 are represented by residential units with unit size of 144 sq.m. or below targeting first-time home buyers and first-time home upgraders. The Group has set its sales target at HK$13.0 billion, representing a growth of approximately 28.7% over the actual contracted sales of HK$10.1 billion in 2013. Despite its pursuit of rapid asset turnover, the Group will still strike to maintain the right balance between product pricing and contracted sales volume.

Following the more aggressive acquisitions of land bank in 2012 and first to third quarters of 2013, the Group will adopt a more conservative approach towards land bank acquisitions in 2014, a move that is consistent with its anti-cyclical land acquisition strategy. By promoting contracted sales and controlling the overall expenditures on land acquisitions, the Group aims to reduce its net gearing ratio to below 80% by the end of 2014. The Group however will still continuously review and adjust the composition of its land bank so as to increase the proportion of land bank suitable for pursuing the rapid asset turnover model.

In 2014, the Group will further step up its efforts in the following aspects of the business including corporate governance, corporate culture, product and business innovations, sales and marketing initiatives, standardisation, environmental protection and management incentives system.

Review of Business in 2013

(1) Contracted Sales

In 2013, the Group achieved a record high in contracted sales of approximately HK$10.1 billion, representing an increase of approximately 61.2% over 2012. The contracted saleable GFA was approximately 425,089 sq.m., representing an increase of approximately 15.3% over 2012. The increase in both contracted sales and contracted saleable GFA was driven by our rapid asset-turnover model, enhanced sales efforts as well as more resources available for sale in 2013. The average selling price ("**ASP**") of our contracted sales in 2013 was approximately HK$23,810.5 per sq.m. (2012: approximately HK$17,024.2 per sq.m.), representing an increase of approximately 39.9% as compared with 2012. The increase in our overall ASP was mainly due to the launch of the new projects with relatively high ASP in Nanjing and Nanchang where the Group first entered into in 2012 and continued strong contribution to contracted sales from The Spring Land – Shenzhen in 2013. For the period from 1 January 2014 to 18 March 2014, the Group achieved contracted sales of approximately RMB959.7 million (equivalent to approximately HK$1,227.4 million) with contracted saleable GFA of approximately 48,343 sq.m. The Group has targeted its total contracted sales in 2014 to be HK$13.0 billion as compared to its saleable resources with value estimated at approximately HK$19.5 billion.

The breakdown of the total contracted saleable GFA and the total contracted sales of the Group during the year ended 31 December 2013 is set out as follows:

City	Project/Phase and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	%	HK$ million	%	HK$/sq.m.
Shenzhen	Shenzhen Hidden Valley					
	Phase 3 – residential	945	0.2	79.5	0.8	84,127.0
	The Spring Land – Shenzhen					
	Phase 2 – residential	164	0.1	3.9	0.0	23,780.5
	Phase 3 – residential	1,304	0.3	35.4	0.3	27,147.2
	Phase 5 – residential	9,390	2.2	315.7	3.1	33,620.9
	Phase 6A – residential	63,781	15.0	1,820.7	18.0	28,546.1
	Phase 6B – residential	52,496	12.3	1,595.3	15.8	30,389.0
Sub-total		128,080	30.1	3,850.5	38.0	30,063.2
Nanjing	The Spring Land – Nanjing	112,687	26.5	3,724.2	36.8	33,049.1
Nanchang	Nanchang Fashion Mark					
	Low rise – residential	15,024	3.5	294.2	2.9	19,582.0
	Retail	5,495	1.3	280.8	2.8	51,101.0
Sub-total		20,519	4.8	575.0	5.7	28,022.8
Huizhou	Huizhou Hidden Bay					
	Phase 1 – residential	37,440	8.8	427.3	4.2	11,412.9
Hangzhou	Hangzhou Hidden Valley					
	Phase 1 – residential	13,459	3.2	352.4	3.5	26,183.2
	Phase 2 – residential	3,015	0.7	71.2	0.7	23,615.3
Sub-total		16,474	3.9	423.6	4.2	25,713.2


City	Project/Phase and Type of Project	Contracted Saleable GFA sq.m.	%	Contracted Sales HK$ million	%	Contracted ASP HK$/sq.m.
Changzhou	Changzhou Fashion Mark					
	Phase 2 – residential portion	60	0.0	0.7	0.0	11,666.7
	Phase 3 – residential portion	221	0.1	1.4	0.0	6,334.8
	Phase 4 – retail portion	2,485	0.6	104.0	1.0	41,851.1
	Phase 4 – residential portion	17,843	4.2	248.5	2.5	13,927.0
	Changzhou Le Leman City					
	Phase 1 (1-A) – retail portion	99	0.0	2.1	0.0	21,212.1
	Phase 3 (1-C) – residential	1,191	0.3	16.3	0.2	13,686.0
	Phase 4 (3-B) – residential portion	371	0.1	3.1	0.0	8,355.8
	Phase 5 (1-B) – residential	569	0.1	4.7	0.0	8,260.1
	Phase 7 (4-A) – residential	34,851	8.2	293.2	2.9	8,413.0
	Phase 7 (4-B) – retail portion	478	0.1	7.4	0.1	15,481.2
	Phase 8 (5-B) – residential portion	37,637	8.9	316.8	3.2	8,417.2
	Phase 9 (2-B) – residential	9,387	2.2	80.3	0.8	8,554.4
Sub-total		105,192	24.8	1,078.5	10.7	10,252.7
Tianjin	Tianjin Le Leman City					
	Phase 1 – residential	4,697	1.1	42.5	0.4	9,048.3
Total		425,089	100.0	10,121.6	100.0	23,810.5

(2) Projects Completed, Delivered and Booked in 2013

For the year ended 31 December 2013, the Group completed constructions of The Spring Land – Shenzhen Phase 6A, Hangzhou Hidden Valley Phase 1, Changzhou Fashion Mark Phase 4 and Changzhou Le Leman City Phase 7 (4-B) with a total saleable/leasable GFA of approximately 308,546 sq.m.

For the year ended 31 December 2013, the Group's property development business in Shenzhen, Hangzhou, Changzhou and Chengdu achieved a turnover, net of sales return, of approximately HK$5,336.3 million with saleable GFA of approximately 335,558 sq.m. being recognised, representing a decrease of approximately 7.6% and 10.6%, respectively, over the year ended 31 December 2012. The recognised ASP for the sale of properties was approximately HK$15,902.8 per sq.m. for the year ended 31 December 2013, representing an increase of approximately 3.4% compared with approximately HK$15,376.6 per sq.m. for the year ended 31 December 2012.

Details of the projects completion and sale of properties of the Group recognised in 2013 are listed below:

City	Project/Phase and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Shenzhen	Shenzhen Hidden Valley				
	– Phase 3 – residential	–	1,000	87.8	87,800.0
	– Phase 4 – residential	–	466	34.1	73,176.0
	The Spring Land – Shenzhen				
	– Phase 2 – residential	–	646	16.3	25,232.2
	– Phase 3 – residential	–	2,809	75.2	26,771.1
	– Phase 5 – residential	–	13,027	345.5	26,521.8
	– Phase 6A – residential	65,509	62,487	1,686.6	26,991.2
	– Phase 6A – retail	4,500	–	–	N/A
Sub-total		70,009	80,435	2,245.5	27,917.0
Hangzhou	Hangzhou Hidden Valley				
	– Phase 1 – residential	41,617	18,637	396.4	21,269.5
Changzhou	Changzhou Fashion Mark				
	– Phase 3 – residential	–	60	0.7	11,666.7
	– Phase 4 – residential	67,615	59,028	874.1	14,808.2
	– Phase 4 – retail	25,133	17,754	395.8	22,293.6
	Changzhou Le Leman City				
	– Phase 1 (1-A) – retail	–	100	2.1	21,000.0
	– Phase 3 (1-C) – residential	–	730	8.4	11,506.8
	– Phase 4 (3-B) – residential	–	494	3.2	6,477.7
	– Phase 5 (1-B) – residential	–	984	7.6	7,723.6
	– Phase 6 (3-A) – residential	–	525	10.1	19,238.1
	– Phase 7 (4-B) – residential	95,286	94,867	666.6	7,026.7
	– Phase 7 (4-B) – retail	8,886	3,099	50.2	16,198.8
	– Phase 9 (2-B) – residential	–	10,317	79.6	7,715.4
Sub-total		196,920	187,958	2,098.4	11,164.2

City	Project/Phase and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Chengdu	Chengdu Fashion Mark – office	–	50,039	626.0	12,510.2
Less: Sales return (Note)					
Changzhou	Changzhou Le Leman City				
	– Phase 1 (1-A) – residential	–	(270)	(1.1)	(4,074.1)
	– Phase 1 (1-A) – retail	–	(835)	(22.0)	(26,347.3)
	– Phase 2 (2-A) – retail	–	(42)	(1.0)	(23,809.5)
	– Phase 3 (1-C) – residential	–	(364)	(5.9)	(16,208.8)
Sub-total		–	(1,511)	(30.0)	(19,854.4)
Total		308,546	335,558	5,336.3	15,902.8

Note: The amount of approximately HK$30.0 million represented sales return of two units of residential apartment and 14 units of retail shop in Changzhou Le Leman City.

(3) Investment Properties

In addition to the sale of properties developed by us, we also lease out or expect to lease out our investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark and Shanghai Shama Century Park in the PRC. As at 31 December 2013, the total carrying value of the investment properties of the Group was approximately HK$9,295.3 million, representing approximately 24.0% of the Group's total asset value. The investment property portfolio which we held for the purpose of leasing to third parties had a total leasable GFA of approximately 466,305 sq.m. of which investment properties under operation with a leasable GFA of approximately 257,900 sq.m. had a fair value of approximately HK$7,506.1 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk and retail assets of The Spring Land – Shenzhen Phase 5 – Fashion Walk and The Spring Land – Shenzhen Phase 6A – Fashion Walk, which were completed but yet to operate as at 31 December 2013, had leasable GFA of approximately 21,450 sq.m., 3,495 sq.m. and 4,500 sq.m., respectively, and fair value of approximately HK$171.4 million, HK$198.2 million and HK$204.6 million, respectively. The retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk and an investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which were under development as at 31 December 2013, had leasable GFA of approximately 2,960 sq.m. and 176,000 sq.m., respectively, and fair value of approximately HK$102.3 million and HK$1,112.7 million, respectively. The Group recorded approximately HK$837.9 million (net of deferred tax) (for the year ended 31 December 2012: approximately HK$512.7 million) as gain in fair value of its investment properties for the year ended 31 December 2013.

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. We attract large-scale anchor tenants which assist us in enhancing the value of our projects. We enter into longer and more favourable lease contracts with such anchor tenants which include well-known brands, chain cinema operators, major game centres and top operators of catering businesses. As at 31 December 2013, the GFA taken up by our anchor tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 48.6% (as at 31 December 2012: approximately 47.0%) of our total leasable area in our investment properties under operation.

For the year ended 31 December 2013, we generated steady recurring rental income of approximately HK$197.6 million, representing an increase of approximately 52.9% as a result of an increase in the leasable GFA and average rental rates, from approximately HK$129.2 million for the year ended 31 December 2012. The average monthly rental income of our investment properties under operation for the year ended 31 December 2013 was approximately HK$101.4 per sq.m. (for the year ended 31 December 2012: approximately HK$70.3 per sq.m.). The increase in the average monthly rental income was partly attributable to increased rent rates of our existing investment properties under operation and partly attributable to Shanghai Shama Century Park which the Group acquired since 28 September 2013 with an average monthly rental income of approximately HK$196.1 per sq.m. The occupancy rate of all our investment properties under operation achieved approximately 93.5% as at 31 December 2013 (as at 31 December 2012: approximately 92.9%).

The Group also achieved satisfactory results on the pre-leasing of investment properties which have yet to commence operation. As at 31 December 2013, 100% of the leasable GFA of the retail assets of Changzhou Le Leman City Phase 9 (2–B) – Fashion Walk was committed. The Group currently expects the pre-leasing of The Spring Land – Shenzhen Phase 5 – Fashion Walk and The Spring Land – Shenzhen Phase 6A – Fashion Walk will take place in the first half of 2014 and the second half of 2014, respectively.

For the Group's investment properties under development as at 31 December 2013, which are The Spring Land – Shenzhen Phase 6B – Fashion Walk and Nanchang Fashion Mark, are expected to be completed in the second half of 2014 and second half of 2017, respectively.

Details of the Group's investment properties as at 31 December 2013 and the Group's rental income for the year ended 31 December 2013 are set out as follows:

Investment Properties	Leasable GFA as at 31 December 2013 (Note 8) sq.m.	Fair Value as at 31 December 2013 HK$ million	Rental Income for the year ended 31 December 2013 HK$ million	Average Monthly Rental Income per sq.m. for the year ended 31 December 2013 HK$/sq.m.	Occupancy Rate as at 31 December 2013 %
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,511.7	63.1	71.1	95
Dongguan Landmark (Shopping mall and car park units)	20,172	505.2	21.6	94.7	94
Hangzhou Landmark (Shopping mall)	24,667	393.9	24.1	81.4	100
Shenzhen Water Flower Garden (Retail assets)	4,992	222.5	15.2	253.7	100
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,355	189.3	6.9	224.3	76
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	671.5	16.1	60.1	99
Changzhou Le Leman City Phase 11 (Retail asset) (Note 2)	16,858	136.8	0.9	9.9	45
Chengdu Fashion Mark (Shopping mall and car park units) (Note 3)	38,525	805.7	20.9	77.5	100
Shanghai Shama Century Park (Serviced apartments and car park units) (Note 4)	49,357	3,069.5	28.8	196.1	87
Sub-total	257,900	7,506.1	197.6	101.4	93.5
Investment properties completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset) (Note 5)	21,450	171.4	–		
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets) (Note 6)	3,495	198.2	–		
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets) (Note 6)	4,500	204.6	–		
Sub-total	29,445	574.2	–		
Investment properties under development					
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets) (Note 6)	2,960	102.3	–		
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) (Note 7)	176,000	1,112.7	–		
Sub-total	178,960	1,215.0	–		
Total	466,305	9,295.3	197.6		

Note 1: The unoccupied areas of the retailed assets in The Spring Land – Shenzhen Phase 1 – Fashion Walk mainly represent The Spring Land – Shenzhen's sales centre with leasable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: The retail asset represents a Habilitation and Recreation Centre of Changzhou Le Leman City Phase 11 for leasing purposes.

Note 3: The shopping mall and car park units of Chengdu Fashion Mark have commenced operation since June 2013.

Note 4: Shanghai Shama Century Park is currently operated as serviced apartments for leasing and was completed in 2006 for residential and car park uses. This property comprises a total of 284 residential units across nine blocks with a total GFA of approximately 49,357 sq.m. and 240 underground car park units. Since this project was acquired by the Group on 27 September 2013, the rental income of approximately HK$28.8 million represents rental income for a period of 95 days only for the year ended 31 December 2013.

Note 5: The retail asset of Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk is expected to commence operation in the first half of 2014. As at 31 December 2013, 100% of the total leasable GFA was pre-leased to a supermarket store and the expected average monthly rental income would be approximately HK$36.5 per sq.m.

Note 6: The retail assets of The Spring Land – Shenzhen Phase 5 – Fashion Walk were completed but yet to operate in December 2013. As at 31 December 2013, the Group entered into letters of intent in relation to approximately one-third of the retail shops with various tenants.

The retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk and The Spring Land – Shenzhen Phase 6B – Fashion Walk were completed but yet to operate and under development respectively as at 31 December 2013, in which the Group intends to lease out in the future.

Note 7: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. This investment property is expected to commence and complete construction in the second half of 2014 and 2017, respectively. The investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purposes with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m and 20,000 sq.m., respectively.

Note 8: The leasable GFA as at 31 December 2013 excludes car park units.

Financial Review

In 2013, the Group's consolidated turnover and profit attributable to equity shareholders of the Company reached approximately HK$5,746.5 million and HK$1,284.5 million, respectively, decreased by approximately 5.3% and increased by approximately 7.1% respectively over the corresponding period of 2012. For the year ended 31 December 2013, the Group's basic earnings per Share increased by approximately 5.8% as compared with the corresponding period of 2012 to approximately HK$0.91. Net asset value per Share attributable to equity shareholders of the Company and the holders of bonus perpetual subordinated convertible securities ("**PCSs**") increased by approximately 25.0% as compared with approximately HK$3.2 as at 31 December 2012 (adjusted) to approximately HK$4.0 as at 31 December 2013.

In order to maintain a stable dividend policy, the Board of Directors (the "**Board**") has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2013 (for the year ended 31 December 2012: HK15 cents per Share), subject to the approval by shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs, total dividend declared for 2013 amounts to HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs. The dividend payout ratio for the year ended 31 December 2013 was approximately 24.1% (for the year ended 31 December 2012: approximately 25.0%).

Turnover

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed.

Turnover for the year ended 31 December 2013 decreased by approximately 5.3% to approximately HK$5,746.5 million from approximately HK$6,065.0 million for the year ended 31 December 2012. This decrease was primarily due to a decrease in our sale of properties. The Group has recognised property sales of approximately HK$5,336.3 million, accounting for approximately 92.9% of the total turnover of approximately HK$5,746.5 million. The remaining approximately 7.1% represented rental income, income from hotel operations and property management and related services income.

Turnover from sale of properties decreased by approximately 7.6% in 2013 as compared with 2012 primarily due to a decrease of approximately 10.6% in total saleable GFA sold and delivered, from approximately 375,537 sq.m. (excluding car park units and net of sales return) in 2012 to approximately 335,558 sq.m. (excluding car park units and net of sales return) in 2013, which offset a slight increase of approximately 3.4% in average recognised ASP from approximately HK$15,376.6 per sq.m. in 2012 to approximately HK$15,902.8 per sq.m. in 2013. The decrease in total saleable GFA sold and delivered was in turn primarily driven by the lower scheduled deliveries of pre-sold properties of The Spring Land – Shenzhen (2013: approximately 78,969 sq.m. in total and 2012: approximately 145,337 sq.m. in total) more than offsetting a higher scheduled deliveries of pre-sold properties of Chengdu Fashion Mark (2013: approximately 50,039 sq.m. and 2012: approximately 20,649 sq.m.) for the year ended 31 December 2013. Rental income increased primarily due to an increase in both the leasable GFA and average rental rates of our investment properties under operation for the year ended 31 December 2013. Income from hotel operations decreased mainly due to a decrease in the average room rate and the income from the food and beverage sector of our hotel property. Such decrease was mainly attributable to the direct competition from two reputable hotels which are located in the same region as our hotel property. As a result of an increase in the leased GFA of our investment properties and sold and delivered GFA of our residential properties, the property management and related services income also increased.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. We recognise the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

Our direct costs increased to approximately HK$3,446.1 million for the year ended 31 December 2013 from approximately HK$2,889.6 million for the year ended 31 December 2012. This increase was primarily attributable to the relatively higher land and construction costs included in our properties completed and delivered, in particular Hangzhou Hidden Valley, for the year ended 31 December 2013.

Gross profit

Our gross profit decreased by approximately 27.6%, to approximately HK$2,300.4 million for the year ended 31 December 2013 from approximately HK$3,175.4 million for the year ended 31 December 2012. The Group reported a gross profit margin of approximately 40.0% for the year ended 31 December 2013 as compared with approximately 52.4% for the year ended 31 December 2012. The decrease in gross margin was primarily driven by the higher proportion of recognised sales in 2013 (approximately 38.8% in 2013 versus approximately 30.2% in 2012) being generated from our Changzhou projects, in particular Changzhou Le Leman City, which offer relatively lower gross margins.

Other revenue

Other revenue decreased by approximately HK$7.2 million, or approximately 5.5%, to approximately HK$124.5 million in 2013 from approximately HK$131.7 million in 2012. The amount mainly consisted of bank interest income and a government grant of approximately HK$92.6 million and approximately HK$15.1 million, respectively in 2013 which were decreased by approximately HK$3.5 million and HK$8.7 million, respectively as compared with 2012.

Other net income/(loss)

Other net income/(loss) changed from a net loss of approximately HK$28.4 million in 2012 to a net income of approximately HK$405.7 million in 2013. The change was primarily attributable to a net gain on disposal of a subsidiary which indirectly held 100% interest of the land of the Taihu Hidden Valley Project, a net gain on early repayment of a secured other borrowing, a gain on a bargain purchase arising from the acquisition of SSCP Limited, which indirectly holds 100% interest in Shanghai Shama Century Park, fair value change on derivative financial instruments and net exchange gain of approximately HK$186.6 million, HK$44.5 million, HK$91.2 million, HK$45.4 million and HK$38.0 million, respectively, for the year ended 31 December 2013.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 40.5% to approximately HK$255.0 million for the year ended 31 December 2013 from approximately HK$181.5 million for the year ended 31 December 2012. The increase was primarily attributable to more advertising and promotion expenses incurred for the launch of our new projects for pre-sale in 2013 as compared with 2012. Selling and marketing expenses accounted for approximately 2.5% of contracted sales in 2013 (2012: approximately 2.9%).

Administrative expenses

Administrative expenses increased by approximately 4.4% to approximately HK$533.6 million for the year ended 31 December 2013 from approximately HK$511.0 million for the year ended 31 December 2012. The increase was mainly due to an increase in the rental and office expenses, due to the establishment of new project companies in the PRC in 2013.

Valuation gains on investment properties

Valuation gains on investment properties increased by approximately 63.5% to approximately HK$1,117.7 million for the year ended 31 December 2013 from approximately HK$683.6 million for the year ended 31 December 2012. The increase was partly attributable to the investment property of Nanchang Fashion Mark which contributed a valuation gain of approximately HK$486.8 million and partly attributable to the intended use of certain areas in The Spring Land – Shenzhen Phases 5, 6A and 6B – Fashion Walk being changed to leasing purpose during the year ended 31 December 2013 which contributed a valuation gain of approximately HK$408.2 million being recognised for the year ended 31 December 2013.

Finance costs

Finance costs increased by approximately 0.1% to approximately HK$671.8 million for the year ended 31 December 2013 from approximately HK$670.9 million for the year ended 31 December 2012.

Income tax

Income tax expenses decreased by approximately 20.8% to approximately HK$1,120.9 million for the year ended 31 December 2013 from approximately HK$1,415.7 million for the year ended 31 December 2012. The decrease was mainly attributable to the decrease in gross profit which was in turn driven primarily by the higher proportion of sales being generated from our Changzhou projects with relatively lower gross profit margin for the year ended 31 December 2013. Consequently, there was a decrease in the provision for PRC Corporate Income Tax and Land Appreciation Tax by approximately HK$190.2 million and HK$280.2 million, respectively.

Profitability

The net profit margin of the Group (profit attributable to equity shareholders of the Company to turnover) increased from approximately 19.8% in 2012 to approximately 22.4% in 2013.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK$77.4 million for the year ended 31 December 2013 (for the year ended 31 December 2012: loss of approximately HK$11.9 million). The change was primarily due to a valuation gain of approximately HK$486.8 million recorded for the year ended 31 December 2013 from an investment property of Nanchang Fashion Mark held by a non-wholly owned subsidiary in which 30% of its equity interest is attributable to the non-controlling interest. During the year ended 31 December 2013, the newly added non-controlling interests represented the 30% equity interests held by a connected person in both 南昌萊蒙置業有限公司 (Nanchang Top Spring Real Estate Co., Ltd.*) and Shine Rise International Limited and the 49% equity interests held by four connected persons in 惠東縣萊洋天置業有限公司 (Huidong Province Laiyangtian Real Estate Co., Ltd*).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2013, the carrying amount of the Group's cash and bank deposits was approximately HK$10,183.9 million (as at 31 December 2012: approximately HK$6,015.0 million), representing an increase of approximately 69.3% as compared with that as at 31 December 2012.

For the year ended 31 December 2013, the Group had net cash used in operating activities of approximately HK$648.2 million, net cash used in investing activities of approximately HK$2,040.7 million and net cash generated from financing activities of approximately HK$3,260.9 million.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, amount due to a non-controlling shareholder and loans from joint ventures) as at 31 December 2013 of approximately HK$16,499.5 million, of which approximately HK$9,286.2 million is repayable within 1 year, approximately HK$6,362.8 million is repayable after 1 year but within 5 years and approximately HK$850.5 million is repayable after 5 years. As at 31 December 2013 the Group's bank loans of approximately HK$13,920.4 million (as at 31 December 2012: approximately HK$6,771.9 million) were secured by certain investment properties, hotel properties, other land and buildings, properties under development for sale, completed properties for sale, pledged deposits and rental receivables, of the Group with total carrying values of approximately HK$21,800.8 million (as at 31 December 2012: approximately HK$9,708.7 million). As at 31 December 2013, the Group's other borrowings of approximately HK$463.3 million (as at 31 December 2012: approximately HK$1,343.5 million) and a loan from joint ventures of approximately HK$601.2 million (as at 31 December 2012: HK$Nil) were secured by equity interests in certain subsidiaries within the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$1,789.4 million (as at 31 December 2012: approximately HK$788.0 million) and HK$2,512.3 million (as at 31 December 2012: approximately HK$1,308.5 million) as at 31 December 2013 which were denominated in Hong Kong dollars and US dollars respectively.

As at 31 December 2013, the Group had a bank borrowing of approximately HK$767.4 million, other borrowings of approximately HK$287.8 million from a related company and two loans from joint ventures of approximately HK$601.2 million and HK$622.4 million which were at fixed interest rates of 9.85% per annum, 10% per annum, 10.3553% per annum and 9.0535% per annum, respectively.

During the year ended 31 December 2013, the Group did not carry out any hedging activities to manage its interest rate exposure.

* *For identification purposes only*

Cost of borrowings
The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 9.1% in 2013 (2012: approximately 11.2%).

Net gearing ratio
The net gearing ratio is calculated by dividing our net borrowings (total borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. Our net gearing ratio as at 31 December 2013 and 31 December 2012 were approximately 100.6% and 67.5%, respectively. The net gearing ratio increased as a result of the increased capital expenditure incurred on land acquisitions for projects newly acquired in Shenzhen, Hangzhou, Shanghai and Nanjing as well as settlement on the outstanding land premium of existing projects, such as Nanchang Fashion Mark during the year ended 31 December 2013.

Foreign exchange risk
As at 31 December 2013, the Group had cash balances denominated in RMB of approximately RMB7,514.6 million (equivalent to approximately HK$9,610.7 million), and in US dollars of approximately US$20.4 million (equivalent to approximately HK$158.2 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or US dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. We do not have a foreign currency hedging policy. However, the Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Bonus issue of Shares / PCSs
Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 15 May 2013, bonus Shares were made to Shareholders whose names appear on the register of members of the Company on 24 May 2013 (the "**Bonus Issue**"), on the basis of two new Shares (the "**Bonus Shares**") for every five Shares held, with an option to elect to receive PCSs in lieu of all or part of their entitlements to the Bonus Shares under the Bonus Issue.

The PCSs are unlisted and irredeemable but have conversion rights entitling the holders of PCSs to convert into an equivalent number of Shares as the number of Bonus Shares which the holders of PCSs would otherwise be entitled to receive under the Bonus Issue had the Shareholder not elected for the PCSs.

On 20 June 2013, an amount of approximately HK$15,036,560 standing to the credit of the share premium account was applied in paying up in full 150,365,600 Shares of HK$0.1 each which were allotted and issued as fully paid to the Shareholders who were entitled to those Bonus Shares and did not elect to receive the PCSs. In addition, the PCSs in the amount of approximately HK$25,092,080 were issued to Shareholders who elected to receive the PCSs, and the same amount was capitalised from the share premium account as reserve arising from issuance of the PCSs.

Reserve arising from issuance of the PCSs was capitalised from the share premium account for the purpose of issue of new Shares upon conversion of the PCSs. There was no conversion to ordinary Shares by the holders of PCSs during the year ended 31 December 2013.

Upon completion of the Bonus Issue, adjustments were made to the exercise price and outstanding number of share options granted pursuant to the Group's pre-IPO and post-IPO share option schemes (see Employees and Remuneration Policy section thereafter).


Net Asset Value Per Share

Net asset value per Share of the Company as at 31 December 2013 and 31 December 2012 are calculated as follows:

	As at 31 December 2013	As at 31 December 2012 (restated)
Net asset value attributable to equity shareholders of the Company *(HK$'000)*	**5,645,996**	4,455,385
Number of issued ordinary shares *('000)*	**1,155,303**	1,001,868
Effect of the Bonus Issue (with PCSs as an alternative) *('000)*	**–**	400,747
Number of outstanding PCSs *('000)*	**250,921**	–
Number of Shares for the calculation of net asset value per Share *('000)*	**1,406,224**	1,402,615
Net asset value per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$)*	**4.0**	3.2*

* *Adjusted for the Bonus Issue in 2013*

Contingent Liabilities

As at 31 December 2013, save for the guarantees of approximately HK$4,190.0 million (as at 31 December 2012: approximately HK$2,824.4 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities as at 31 December 2013.

Pursuant to the mortgage contracts, banks require us to guarantee our purchasers' mortgage loans until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our purchasers. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any shortfall from us as the guarantor of the mortgage loan.

Material acquisitions and disposals of assets

During the year ended 31 December 2013, the Group did not have any material acquisitions or disposals of assets save as disclosed in this report.

Employees and Remuneration Policy

As at 31 December 2013, the Group employed a total of 1,697 employees (as at 31 December 2012: 1,369 employees) in the PRC and Hong Kong. Of them, 127 were under the headquarter team, 412 were under the property development division and 1,158 were under the retail operation and property management division. For the year ended 31 December 2013, the total staff costs incurred was approximately HK$315.4 million (for the year ended 31 December 2012: approximately HK$310.5 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") and a share award scheme (the "**Share Award Scheme**") on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2013, 3,069,500 (for the year ended 31 December 2012: 1,454,500) share options had been exercised by the grantees and a total number of 3,092,996 and 177,000 (for the year ended 31 December 2012: 3,071,666 and 15,000) share options had been cancelled and lapsed respectively upon the resignation of certain grantees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of share options under the Pre-IPO Share Option Scheme in which 9,478,516 share options were additionally granted to the holders of the share options under the Pre-IPO Share Option Scheme. As a result, 30,461,189 (as at 31 December 2012: 27,322,169) share options were outstanding as at 31 December 2013 under the Pre-IPO Share Option Scheme.

During the year ended 31 December 2013, a total number of 328,000 (for the year ended 31 December 2012: 608,000) awarded Shares under the Share Award Scheme had been cancelled upon resignation of certain awardees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of awarded shares under the Share Award Scheme in which 2,067,200 Shares were additionally awarded to the awardees. As a result, based on the Directors' knowledge, 7,123,200 (as at 31 December 2012: 5,384,000) awarded Shares were outstanding as at 31 December 2013 under the Share Award Scheme.

The Company has also adopted a post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012 and 20 June 2013, the Group granted 15,720,000 share options (Lot 1) and 14,000,000 share options (Lot 2), respectively under the Post-IPO Share Option Scheme at the exercise prices of HK$3.17 per Share and HK$4.14 per Share respectively to directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the Post-IPO Share Option Scheme for the year ended 31 December 2013 is as follows:

	As at 1 January 2013	Share options granted (Note)	Share options exercised	Share options cancelled	Share options lapsed	As at 31 December 2013
Lot 1	15,420,000	5,808,000	–	(1,437,600)	(50,400)	19,740,000
Lot 2	–	14,000,000	–	(2,300,000)	–	11,700,000
	15,420,000	19,808,000	–	(3,737,600)	(50,400)	31,440,000

Note:

The 5,808,000 share options granted (Lot 1) under the Post-IPO Share Option Scheme represented an adjustment made to the number of the share options which were additionally granted to the holders of share options (Lot 1) upon completion of the Bonus Issue on 20 June 2013.

Property Projects Portfolio





RAINBOW 天虹


Property
Projects Portfolio


Shenzhen Water Flower Garden

Key Statistics			
No. of Phases		3	
Site area (sq.m.)		164,764	
Construction start date		March 2002	
Completion date		October 2006	
Total GFA (sq.m.)		294,638	
Total saleable / leasable GFA (sq.m.)		216,545	
Land cost (RMB million)		437	
Development costs incurred (RMB million)		938	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	211,553	4,992	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	–	4,992	–

Project Overview

Location Xiangmei Road, Futian District, Shenzhen, Guangdong Province

Property Type Residential, retail and clubhouse

Highlights Situates prominently in the exclusive region of the city centre and offers unique view of the Honey Lake

It was awarded 'Classical Chinese Model Residential Property' in 2003 and 'Real Estate of the Year' in both 2002 and 2003

Shenzhen Water Flower Garden

Shenzhen Hidden Valley

Key Statistics			
No. of Phases		4	
Site area (sq.m.)		143,047	
Construction start date		July 2007	
Completion date		June 2011	
Total GFA (sq.m.)		131,736	
Total saleable / leasable GFA (sq.m.)		83,933	
Land cost (RMB million)		200	
Development costs incurred (RMB million)		1,527	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	83,933	–	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	5,057	–	–

Project Overview

Location Yulong Road, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential

Highlights One of the best villa projects in Shenzhen and was awarded "Global International Garden Community Nominations Award" and "China International Garden Community Award"

Offers close proximity to central business district ("**CBD**") (10 minutes drive from Futian CBD) and is surrounded by suburb parks with natural living environment

Phase 1 was launched in May 2008 and became the best selling project in the luxury residential market in Shenzhen in 2009. Phase 2 was launched in September 2008 and was sold out within a short period of time despite the global financial crisis

Shenzhen Hidden Valley


The Spring Land – Shenzhen

Key Statistics			
No. of Phases		6	
Site area (sq.m.)		166,979	
Construction start date		May 2009	
Expected completion date		August 2014	
Total GFA (sq.m.)		774,371	
Total saleable / leasable GFA (sq.m.)		558,769	
Land cost (RMB million)		491	
Development costs incurred as at 31 December 2013 (RMB million)		3,408	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	522,066	36,703	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	63,126	36,703	–

Project Overview

Location Renmin South Road, Longhua Town, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential and retail

Highlights Locates at the Hongshan Station of Subway Line No. 4

The Spring Land – Shenzhen (Phases 1 and 2) and (Phase 3) were ranked the best and the second best-selling projects in Shenzhen for 2010 and 2011, respectively

The Spring Land – Shenzhen (Phase 5) was ranked the best selling residential project in Shenzhen in the third quarter of 2012

The Spring Land – Shenzhen


Shenzhen Blue Bay

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		11,200	
Expected construction start date		June 2015	
Expected completion date		December 2017	
Total GFA (sq.m.)		23,000	
Total saleable / leasable GFA (sq.m.)		15,000	
Land cost (RMB million)		47	
Interest attributable to us (%)		92%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	15,000	–	–

Project Overview

Location Guanhu Road, Kuichong Town, Longgang District, Shenzhen, Guangdong Province

Property Type Low-density residential

Highlights Expected to comprise a residential development located in Yantian district

The project offers an excellent sea view which is adjacent to a beach facing the South China Sea

Shenzhen Blue Bay

Property
Projects Portfolio


Hangzhou Hidden Valley

Key Statistics			
No. of Phases		9	
Site area (sq.m.)		287,192	
Construction start date		September 2011	
Expected completion date		September 2017	
Total GFA (sq.m.)		519,561	
Total saleable / leasable GFA (sq.m.)		313,702	
Land cost (RMB million)		1,952	
Development costs incurred as at 31 December 2013 (RMB million)		727	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	313,702	–	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	295,065	–	–

Project Overview

Location Dongzhou Avenue, Fuyang, Hangzhou, Zhejiang Province

Property Type Low density residential

Highlights Irreplaceable location with scarce resources

19 kilometres ("**km**") and 17km away from the Hangzhou CBD and "Riverside" Centre, respectively

Hangzhou Hidden Valley was ranked the best selling terraced house project in terms of number of units sold in Hangzhou in 2012

Hangzhou Hidden Valley

The Spring Land – Hangzhou

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		28,704	
Construction start date		November 2013	
Expected completion date		October 2015	
Total GFA (sq.m.)		151,616	
Total saleable / leasable GFA (sq.m.)		112,748	
Land cost (RMB million)		1,551	
Development costs incurred as at 31 December 2013 (RMB million)		26	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	84,266	28,482	–

Project Overview

Location Junction of Binsheng Road and Yangfan Road, right next to the Hangzhou Olympic Centre, Binjiang District, Hangzhou, Zhejiang Province

Property Type Residential and retail

Highlights The project is just right next to the Hangzhou Olympic and International EXPO Centre and it is only 500 metres away from the Qiantang River

The Spring Land – Hangzhou

Property
Projects Portfolio

The Spring Land – Nanjing

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		60,825	
Construction start date		January 2013	
Expected completion date		November 2014	
Total GFA (sq.m.)		188,125	
Total saleable / leasable GFA (sq.m.)		144,625	
Land cost (RMB million)		1,594	
Development costs incurred as at 31 December 2013 (RMB million)		413	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	138,742	5,883	–

Project Overview

Location Hexi CBD, Jianye District, Nanjing, Jiangsu Province

Property Type Residential and retail

Highlights Located in the central area of Hexi CBD

Hexi CBD has been planned to be a modern area integrating trade, business, culture and sports in the city which is connected with Shanghai in the Yangtze River Delta

The Spring Land – Nanjing

The Sunny Land – Nanjing

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		63,328	
Construction start date		April 2014	
Expected completion date		November 2015	
Total GFA (sq.m.)		215,224	
Total saleable / leasable GFA (sq.m.)		161,850	
Land cost (RMB million)		1,400	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	154,850	7,000	–

Project Overview

Location Software Park, Yuhuatai District, Nanjing, Jiangsu Province

Property Type Residential and retail

Highlights The plot is located in Nanjing Chengnan district, close to the downtown area. It is eastbound to Ningdan Road, southbound to Cuiling Road, westbound to Xianzhuangdao Road and northbound to Fuyuan Road

The Sunny Land – Nanjing

Shanghai Shama Century Park

Key Statistics			
No. of Phases		N/A	
Acquisition date		27 September 2013	
Total saleable / leasable GFA (sq.m.)		49,357	
Number of underground car park units		240	
Total consideration (RMB million)		1,198	
Interest attributable to us (%)		70%	
	Residential	**Retail**	**Serviced Apartment**
Saleable / Leasable GFA (sq.m.)	–	–	49,357

Project Overview

Location Dongxiu Road, Pudong New District, Shanghai

Property Type Serviced apartment

Highlights Shanghai Shama Century Park is a serviced apartment located in Pudong New District

Shanghai Shama Century Park

Huizhou Hidden Bay

Key Statistics			
No. of Phases		5	
Site area (sq.m.)		254,655	
Construction start date		November 2012	
Expected completion date		August 2016	
Total GFA (sq.m.)		627,749	
Total saleable / leasable GFA (sq.m.)		510,568	
Land cost (RMB million)		248	
Development costs incurred as at 31 December 2013 (RMB million)		541	
Interest attributable to us (%)		51%	
	Residential	**Retail**	**Hotel**
Saleable / Leasable GFA (sq.m.)	453,280	6,000	51,288

Project Overview

Location	Huidong, Huizhou
Property Type	Residential, retail and hotel
Highlights	The Cross-Harbour Bridge, which is an extension of the Guangzhou-Huizhou Highway, will start service in late 2014
	Once the bridge is completed, it will be 85 km only away from Shenzhen Luohu (Huangbeiling) with 1.5 hours by drive
	Another national bay district besides Hainan
	All residential units will offer spectacular seaview

Huizhou Hidden Bay

Property
Projects Portfolio

Changzhou Le Leman City

Key Statistics			
No. of Phases		11	
Site area (sq.m.)		478,448	
Construction start date		May 2006	
Expected completion date		January 2017	
Total GFA (sq.m.)		1,295,977	
Total saleable / leasable GFA (sq.m.)		1,012,790	
Land cost (RMB million)		484	
Development costs incurred as at 31 December 2013 (RMB million)		3,438	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Hotel**
Saleable / Leasable GFA (sq.m.)	779,601	166,186	67,003
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	250,432	153,594	67,003

Project Overview

Location Yanzheng Middle Road, Wujin District, Changzhou, Jiangsu Province (Opposite of Wujin District Government Building)

Property Type Residential, retail and hotel

Highlights Situates in the centre of Wujin District and is adjacent to the Wujin District Government Building

Includes numerous amenities including a 4-star hotel, a large-scale commercial centre, an arts and culture centre, a youth and children's centre, a bilingual international kindergarten, etc.

Changzhou Le Leman City was ranked the third in terms of residential sales amount in Changzhou in 2012

Changzhou Le Leman City


Changzhou Fashion Mark

Key Statistics			
No. of Phases		4	
Site area (sq.m.)		120,296	
Construction start date		August 2005	
Expected completion date		June 2013	
Total GFA (sq.m.)		513,404	
Total saleable / leasable GFA (sq.m.)		318,423	
Land cost (RMB million)		250	
Development costs incurred (RMB million)		2,712	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	125,032	180,238	13,153
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	9,004	84,185	1,545

Project Overview

Location Xiyingli, Zhonglou District, Changzhou, Jiangsu Province

Property Type Residential, retail and office

Highlights Locates at the commercial centre of the city

Ranked in "China Top 10 Mainstream Real Estate Projects" in 2005 and Twin Stars (serviced apartments) of the project was awarded "2006 Best International Apartment in China"

Phases 1-3 comprise mainly of retail or apartments while Phase 4 is a large-scale residential project with height over 150 metres

Secured well-known anchor tenants

Changzhou Fashion Mark

Chengdu Fashion Mark

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		20,727	
Construction start date		June 2011	
Completion date		December 2012	
Total GFA (sq.m.)		139,265	
Total saleable / leasable GFA (sq.m.)		110,764	
Land cost (RMB million)		158	
Development costs incurred (RMB million)		577	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	–	38,525	72,239
Net saleable/leaseable GFA (sq.m.) as at 31 December 2013	–	38,525	1,551

Project Overview

Location Hongpailou, Fourth Section of Second Ring Road, Wuhou District, Chengdu, Sichuan Province

Property Type Retail and office

Highlights Close proximity to Jialing Road Station of Metro line no. 3

Site was secured at approximately RMB1,426.5 per sq.m., significantly lower than the average land cost for comparable projects

In November 2010, the Group entered into a tenancy agreement with Rainbow Department Store Co., Ltd. The GFA of the leased premises is approximately 30,500 sq.m. for a term of 20 years

Chengdu Fashion Mark

Nanchang Fashion Mark

Key Statistics				
No. of Phases	N/A			
Site area (sq.m.)	269,455			
Expected construction start date	May 2013			
Expected completion date	December 2017			
Total GFA (sq.m.)	1,030,475			
Total saleable / leasable GFA (sq.m.)	830,323			
Land cost (RMB million)	1,978			
Development costs incurred as at 31 December 2013 (RMB million)	289			
Interest attributable to us (%)	70%			
	Residential	**Retail**	**Serviced Apartment**	**Office**
Saleable / Leasable GFA (sq.m.)	292,641	288,204	38,474	211,004

Project Overview

Location Honggutan CBD, Nanchang, Jiangxi Province

Property Type Residential, office, serviced apartment and shopping mall

Highlights A joint-venture project with a Singapore-listed company Metro Holdings Limited which indirectly holds 30% stake

Honggutan's CBD was initially established about ten years ago

Lots of domestic financial institutions have established presences in the area

Vast catchment area in the Central China region

Nanchang Fashion Mark

Shenzhen Fashion Mark

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		183,962	
Expected construction start date		April 2015	
Expected completion date		December 2016	
Total GFA (sq.m.)		1,532,696	
Total saleable / leasable GFA (sq.m.)		1,239,691	
Expected land and redevelopment costs (RMB million)		5,115	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	886,661	266,100	86,930

Project Overview

Location Nanlian Community, Shenhui Rd, Longgang District, Shenzhen, Guangdong Province

Property Type Residential, retail and office

Highlights Shenzhen Fashion Mark is located in the centre of Shenzhen Longgang District, connecting the Nanlian Station and Longcheng Plaza of Subway Line #3

Shenzhen Fashion Mark

Tianjin Le Leman City

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		333,666	
Construction start date		June 2012	
Expected completion date		July 2017	
Total GFA (sq.m.)		747,953	
Total saleable / leasable GFA (sq.m.)		730,278	
Land cost (RMB million)		415	
Development costs incurred as at 31 December 2013 (RMB million)		344	
Interest attributable to us (%)		58%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	–	719,374	10,904

Project Overview

Location Junction of Beihua Road and Jincang Expressway, Jinhai County, Tianjin

Property Type Commercial and industrial

Highlights Located 20 km away from Tianjin city centre (Nankai District)

Approximately 12 km away from the south station of Beijing-Tianjin high-speed railway and 5 km away from Beijing-Tianjin Expressway

Tianjin Le Leman City


Shenzhen Buji Market Project

Key Statistics			
No. of Phases		2	
Acquisition date		15 November 2013	
Estimated total saleable / leasable GFA (sq.m.)		358,000	
Estimated maximum cash compensation (RMB million)		2,100	
Interest attributable to us (%)		55%	
	Residential	**Retail**	**Others**
Estimated saleable / Leasable GFA (sq.m.)	–	5,626	352,374

Project Overview

Location Buji Road, Luohu District, Shenzhen, Guangdong Province

Property Type Retail and others

Highlights The project is facing Weiling Park on the east side and Honghu Park on the south side. The north side is connected to the Shenzhen Buji transit hub

The project is nearby the Shuibei Station and Caopu Station

Shenzhen Buji Market Project

Nanjing North Square Project

Key Statistics			
No. of Phases		N/A	
Acquisition date		31 December 2013	
Total saleable / leasable GFA (sq.m.)		44,256	
Estimated number of underground car park units		300	
Total consideration (RMB million)		239.4	
Interest attributable to us (%)		90%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	–	16,501	27,755

Project Overview

Location Adjacent land to the west of North Square of Huangjiaxu Road Railway Station in Xiaguan District, Nanjing, Jiangsu Province

Property Type Retail and others

Highlights The project is located at the northwest side of the Nanjing train station

Nanjing North Square Project

Hangzhou Landmark

Key Statistics			
No. of Phases		1	
Site area (sq.m.)		14,780	
Construction start date		January 2006	
Completion date		July 2007	
Total GFA (sq.m.)		49,989	
Total saleable / leasable GFA (sq.m.)		36,880	
Land cost (RMB million)		21	
Development costs incurred (RMB million)		105	
Interest attributable to us (%)		100	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	–	36,880	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	–	26,182	–

Project Overview

Location Ouhuazhou Avenue, Linping, Yuhang District, Hangzhou, Zhejiang Province

Property Type Retail

Highlights Close proximity to metro station

Leveraging on high growth city attributes, Linping is set to be one of the three high growth satellite cities of Hangzhou

Secured well-known anchor tenants attracted not only other retailers, but also significant pedestrian traffic

Hangzhou Landmark

Dongguan Landmark

Key Statistics			
No. of Phases		1	
Site area (sq.m.)		18,738	
Construction start date		June 2006	
Completion date		July 2008	
Total GFA (sq.m.)		79,679	
Total saleable / leasable GFA (sq.m.)		65,107	
Land cost (RMB million)		90	
Development costs incurred (RMB million)		267	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Saleable / Leasable GFA (sq.m.)	43,288	21,819	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2013	–	20,217	–

Project Overview

Location No. 88 Hongfu Road, Nancheng District, Dongguan, Guangdong Province

Property Type Residential and retail

Highlights Locates in the CBD of Dongguan and the dramatic setting and accessibility of the mall substantially upgrade the local amenities

Dongguan Landmark

Corporate Governance Report

Corporate Governance Principles and Practices

In the opinion of the Directors, the Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") applicable during the year, other than the Code Provision A.2.1, as explained in the paragraph headed "Chairman and Chief Executive Officer" below. The reason for deviation is explained below in this report.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

The Board of Directors

The Board is responsible 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 policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises five executive Directors, namely Mr WONG Chun Hong, Ms LI Yan Jie, Mr LEE Sai Kai David, Mr LAM Jim and Mr CHEN Feng Yang, and three independent non-executive Directors, namely Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo and Professor WU Si Zong.

There is no relationship, including financial, business, family or other material/relevant relationships, among the members of the Board.

During the year under review, the Board held six Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year under review). The attendance of each Director is set out in the table below:

	Number of attendance/Total
Executive Directors	
Mr WONG Chun Hong (Chairman and Chief Executive Officer)	6/6
Ms LI Yan Jie	3/6
Mr LEE Sai Kai David	6/6
Mr LAM Jim (Chief Financial Officer)	6/6
Mr WANG Tian Ye (Note 1)	4/4
Mr CHEN Feng Yang (Chief Operating Officer) (Note 2)	4/4
Non-executive Director	
Dr McCABE Kevin Charles (Note 3)	2/3
Alternate Director to Dr McCABE Kevin Charles	
Ms THAM Qian (Note 4)	3/3
Independent non-executive Directors	
Mr BROOKE Charles Nicholas	4/6
Mr CHENG Yuk Wo	6/6
Professor WU Si Zong	6/6

Notes:

(1) Mr WANG Tian Ye ceased to be an executive Director on 1 November 2013.
(2) Mr CHEN Feng Yang was appointed as an executive Director on 1 June 2013.
(3) Dr McCABE Kevin Charles ceased to be a non-executive Director on 1 June 2013.
(4) THAM Qian ceased to be the alternate Director to Dr McCABE Kevin Charles on 1 June 2013.

Training and Commitment

To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

The Company provides continuous professional development ("**CPD**") training and relevant reading materials to the Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2013 is summarised as follows.

	Areas		
Name of Director	**Legal, regulatory and corporate governance**	**Businesses of the Group**	**Directors' roles, functions and duties**
Executive Directors			
Mr WONG Chun Hong	✓	✓	✓
Ms LI Yan Jie	✓	✓	✓
Mr LEE Sai Kai David	✓	✓	✓
Mr LAM Jim	✓	✓	✓
Mr CHEN Feng Yang	✓	✓	✓
Independent non-executive Directors			
Mr BROOKE Charles Nicholas	✓	✓	✓
Mr CHENG Yuk Wo	✓	✓	✓
Professor WU Si Zong	✓	✓	✓

Confirmation is received from the Directors that they have provided sufficient time and attention to the affairs of the Group. Besides, the Directors disclose to the Company their interests as director and other office in other public companies and organisations in a timely manner and update the Company on any subsequent changes. Each of the Directors has complied with Code Provision A.6.5 of the CG Code.

Chairman and Chief Executive Officer

Under Code Provision A.2.1 of the CG 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 Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board believes that the serving by the same individual as the chairman and the chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

Directors' attendance at general meetings

During the year under review, the Company held two extraordinary general meetings on 15 May 2013 and 16 December 2013, respectively, and one annual general meeting ("**AGM**") on 15 May 2013. The attendance of each Director is set out in the table below.

	Extraordinary general meeting		AGM
	15 May 2013	16 December 2013	
Executive Directors			
Mr WONG Chun Hong (Chairman and Chief Executive Officer)	✓	✗	✓
Ms LI Yan Jie	✗	✗	✗
Mr LEE Sai Kai David	✓	✓	✓
Mr LAM Jim (Chief Financial Officer)	✓	✓	✓
Mr WANG Tian Ye (Note 1)	✓	N/A	✓
Mr CHEN Feng Yang (Chief Operating Officer) (Note 2)	N/A	✗	N/A
Non-executive Director			
Dr McCABE Kevin Charles (Note 3)	✓	N/A	✓
Alternate Director to Dr McCABE Kevin Charles			
Ms THAM Qian (Note 4)	✓	N/A	✓
Independent non-executive Directors			
Mr BROOKE Charles Nicholas	✓	✗	✓
Mr CHENG Yuk Wo	✓	✓	✓
Professor WU Si Zong	✓	✗	✓

Notes:

(1) Mr WANG Tian Ye ceased to be an executive Director on 1 November 2013.
(2) Mr CHEN Feng Yang was appointed as an executive Director on 1 June 2013.
(3) Dr McCABE Kevin Charles ceased to be a non-executive Director on 1 June 2013.
(4) Ms THAM Qian ceased to be the alternate Director of Dr McCABE Kevin Charles on 1 June 2013.

Remarks:
✗ represents absence N/A represents not applicable

In respect of Code Provision E.1.2 of the CG Code, Mr CHENG Yuk Wo, the chairman of the Independent Board Committee attended the extraordinary general meeting of the Company held on 16 December 2013.

Independent Non-Executive Directors

The appointment of each of the independent non-executive Directors was renewed by the Company for a term of three years from 1 December 2013 unless terminated by not less than three months' notice in writing served by either the Company or the respective independent non-executive Director.

Each of the independent non-executive Directors has confirmed by written confirmation that he has complied with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent under these independence requirements.

Independent non-executive Directors possess appropriate professional qualifications and experience or appropriate accounting or relevant financial management expertise. Independent non-executive Directors are able to provide their independent judgment in respect of matters such as the Group's strategy, policy and performance at Board and Board committee meetings, and to make significant contributions to the affairs of the Group.

Remuneration Committee

The chairman of the remuneration committee of the Company (the "**Remuneration Committee**") is Mr CHENG Yuk Wo. As at the date of this report, the Remuneration Committee consists of one executive Director, Mr WONG Chun Hong and two independent non-executive Directors, Mr CHENG Yuk Wo and Professor WU Si Zong.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy.

In determining the remuneration of the Directors and the senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions of the Directors and the senior management and the change in market conditions.

The Remuneration Committee held three meetings during the year under review. The attendance of each member of the Remuneration Committee is set out in the table below:

	Number of attendance/Total
Mr CHENG Yuk Wo	3/3
Mr WONG Chun Hong	3/3
Professor WU Si Zong	3/3

For the year under review, the Remuneration Committee reviewed the terms (in particular, the remuneration package) of the service contracts of Mr CHEN Feng Yang and recommended to the Board to approve the revision of the remuneration package of Mr WONG Chun Hong, Ms LI Yan Jie, Mr LEE Sai Kai David, Mr LAM Jim, Mr WANG Tian Ye, Mr CHEN Feng Yang, Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo, Professor WU Si Zong and the senior management of the Company. The Remuneration Committee also made recommendations to the Board on the year-end bonus of executives and the senior management of the Company for 2013. The Remuneration Committee also recommended to grant certain options to certain Directors and the senior management of the Company during the year under review. No Director was involved in deciding his own remuneration or options granted.

Details of the remuneration of each of the Directors and senior management of the Company for the year ended 31 December 2013 are set out in notes 8 and 9 to the consolidated financial statements of the Group.

Nomination Committee

The chairman of the nomination committee of the Company (the "**Nomination Committee**") is Professor WU Si Zong. As at the date of this report, the Nomination Committee consists of one executive Director, Mr WONG Chun Hong and two independent non-executive Directors, Mr CHENG Yuk Wo and Professor WU Si Zong.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the independent non-executive Directors. In considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates and the independence requirement in the case of an independent non-executive Director as well as the objective of the board diversity policy adopted by the Company.

The Company has adopted procedures for nomination of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of a new Director by way of Board meeting or written resolution. To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

The Nomination Committee held one meeting during the year under review. The attendance of each member of the Nomination Committee is set out in the table below:

	Number of attendance/Total
Professor WU Si Zong	1/1
Mr WONG Chun Hong	1/1
Mr CHENG Yuk Wo	1/1

During the year under review, the Nomination Committee nominated a new Director, Mr CHEN Feng Yang, and also reviewed the structure, size and composition of the Board in accordance with Rule 3.10A of the Listing Rules, recommended the Board to consider and reduce the number of Directors by one during the year and the re-election of the retiring Directors.

Audit Committee

The chairman of the audit committee of the Company (the "**Audit Committee**") is Mr CHENG Yuk Wo. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, Mr CHENG Yuk Wo, Mr BROOKE Charles Nicholas and Professor WU Si Zong.

The Audit Committee reports to the Board and is authorised by the Board to assess matters relating to the financial statements of the Company. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal controls, to advise the Board on the appointment and re-appointment of external auditors, and to review and oversee the independence and objectivity of external auditors.

The Audit Committee is responsible for recommending to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval of the Board and the Shareholders at general meeting of the Company. For the year under review, the Board has not taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held two meetings during the year under review. The attendance of each member of the Audit Committee is set out in the table below:

	Number of attendance/Total
Mr CHENG Yuk Wo (Chairman)	2/2
Mr BROOKE Charles Nicholas	2/2
Professor WU Si Zong	2/2

At the above meetings, the Audit Committee has considered, reviewed and discussed the accounting principles and practice adopted by the Company, the annual results of the Group for the year ended 31 December 2012, the interim results of the Group for the six months ended 30 June 2013 and the effectiveness of financial reporting, internal control, consultancy services and risk management systems.

Corporate Governance Committee

During the year under review, Mr WANG Tian Ye was the chairman of the corporate governance committee of the Company (the "**Corporate Governance Committee**"). With effect from 1 November 2013, Mr WANG ceased to be the chairman of the Corporate Governance Committee and Mr LEE Sai Kai David was appointed as the chairman of the Corporate Governance Committee. As at the date of this report, the Corporate Governance Committee consists of two executive Directors, Mr LEE Sai Kai David and Mr LAM Jim and one independent non-executive Director, Mr CHENG Yuk Wo.

During the year under review, the Corporate Governance Committee reviewed the Board Diversity Policy of the Company and also approved the change of the chairman of the Corporate Governance Committee.

Following the terms of reference, the Corporate Governance Committee reviewed and monitored the Company's policies and practices on corporate governance which complied with legal and regulatory requirements and make recommendations to the Board. The Corporate Governance Committee also reviewed and monitored the training, developed, reviewed and monitored the code of conduct applicable to employees and Directors, reviewed the compliance with and disclosure in this report, and CPD of the Directors and the senior management.

The Corporate Governance Committee held two meetings during the year under review. The attendance of each member of the Corporate Governance Committee is set out in the table below:

	Number of attendance/Total
Mr LEE Sai Kai David	2/2
Mr LAM Jim	2/2
Mr CHENG Yuk Wo	2/2

Advisory Committee

The Company established an Advisory Committee (the "**Advisory Committee**") on 2 December 2010. As at the date of this report, the Advisory Committee consists of two executive Directors, namely, Mr WONG Chun Hong and Mr LAM Jim.

The primary duties of the Advisory Committee are to make all determinations and provide directions to the trustees of the Pre-IPO Share Option Scheme, the Share Award Scheme and the Post-IPO Share Option Scheme adopted by the Company.

The Advisory Committee did not hold any meeting during the year under review.

Auditors' Remuneration

For the year ended 31 December 2013, the total fees paid/payable to the external auditors of the Company, KPMG, in respect of audit and non-audit services are set out below:

	For the year ended 31 December 2013 HK$'000
Audit services	5,762
Non-audit services (Note)	5,124
Total	10,886

Note: Apart from the provision of annual audit services, KPMG, the Group's external auditors, also provided review services on the interim financial report of the Group for the six months ended 30 June 2013 and other non-audit services including ad hoc accounting advice, tax advice, due diligence and reporting accountants work on major transactions during the year.

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 and fair view for the year under review, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, KPMG, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 87 of this report.

Internal Control

The Board is fully responsible for maintaining proper and effective internal control system and for regularly reviewing the operational efficiency of the financial, operational, compliance controls, risk management and other aspects of the system in order to safeguard the investment of Shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group covering the above aspects. The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the year under review.

The internal audit department of the Company is responsible for regular review and audit of the Group's major finance and operating activities. The purpose of such work is to ensure the normal operation of internal control and the playing of its due role.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors. The Model Code has been updated to reflect the recent amendments to the Listing Rules which took effect in 2013. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct during the year ended 31 December 2013. To ensure compliance, all Directors were requested to send a notice of intention to deal with the Company's securities to the chairman of the Corporate Governance Committee and should obtain an approval from the chairman of the Corporate Governance Committee or the designed person by the Board during the year under review to deal with securities of the Company. The Directors also participated in a directors' training regarding insider dealing.

Relevant employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code for the year ended 31 December 2013.

Company Secretary

The company secretary of the Company (the "**Company Secretary**"), Ms LUK Po Chun, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to the Directors of comprehensive meeting agendas and papers. Minutes of all Board meetings and Board committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Board committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board committees are sent to Directors and committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, she organises seminars on specific topics of significance and interest and disseminates reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the compliance of the Group with all obligations of the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to Shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in securities of the Company, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

During the year under review, Ms LUK Po Chun attended no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Investor Relations

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Information regarding the Company will be published in its website: www.topspring.com. Interim and annual reports, circulars and notices of the Group will be despatched to Shareholders in due course. The website of the Company provides information such as e-mail address, correspondence address, telephone numbers etc. for inquiries, and provides information on business activities of the Group. Shareholders may at any time send their enquires and concerns to the Board in writing either by email to IR@topspring.com or direct mailing to the principal place of business of the Company in Hong Kong for the attention to the Company Secretary.

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

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to article 58 of the articles of association of the Company (the "**Articles of Association**"), Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in the requisition; and the Company shall hold general meeting within two months after receiving the requisition. All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Hong Kong Share Registrar of the Company. The results of the poll are published on the websites of the Company and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the website of the Company for Shareholders and investors.

The Company will also meet with the investment community and respond to their inquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

During the year under review, the Company passed a special resolution to amend the Articles of Association on 15 May 2013 to facilitate the issuance of the PCSs. For details of the aforesaid amendments, please refer to the circular of the Company dated 22 April 2013.

Biography
of Directors and Senior Management

Directors

Executive Directors

Mr WONG Chun Hong (黃俊康), aged 59

Executive Director, Chairman and Chief Executive Officer

Mr WONG is the founder of the Group and was appointed as an executive Director, the Chairman and the Chief Executive Officer of the Company on 25 August 2009. He is also a director of various subsidiaries within the Group. In addition, he is also the second largest shareholder and vice chairman of the board of directors of Rainbow Department Store Co., Ltd. ("**Rainbow**"), a company listed on the Shenzhen Stock Exchange. He has over two decades of experience in the real estate business in the PRC and Hong Kong.

From 1993 to 1996, Mr WONG was the deputy managing director and the second largest shareholder of Top Glory International Holdings Limited (formerly known as World Trade Center Group Limited), a listed company (now privatised) ("**TGI**") and was the vice chairman of China Foods Limited (formerly known as China Foods Holdings Limited), a company listed on the Stock Exchange ("**China Foods**"). From 1996 to 2001, Mr WONG was a major shareholder, chairman and chief executive officer of ITC Properties Group Limited (formerly known as Cheung Tai Hong Holdings Limited), a company listed on the Stock Exchange ("**ITC**"). Mr WONG was awarded 2010 年度風雲人物 (2010 Person of the Year) by China Real Estate Information Corporation (中國房產信息集團), 新浪樂居 (Sina House), 2011 the Most Influencial Person in China and 2012 the Most Influential Person in real estate sector in China in the 11th and 12th Boao Real Estate Forum respectively and 2011 CEIBS Alumni Award Programme by China Europe International Business School. Mr WONG also attended the Global CEO Programme for China in 2007 which was co-organized by IESE Business School and Harvard Business School. He is a member of 廣州政治協商會常委 (Guangzhou Chinese People's Political Consultative Conference).

Chance Again Limited ("**Chance Again**"), which is the controlling shareholder (as defined in the Listing Rules) of the Company, is held as to 100% by Cheung Yuet (B.V.I.) Limited ("**BVI Co**"). The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee Limited ("**HSBC International Trustee**") as the trustee of The Cheung Yuet Memorial Trust, a discretionary family trust established by Mr WONG (the "**Wong Family Trust**"), the beneficiaries of which include Mr WONG's family members. Mr WONG is the settlor and the protector of the Wong Family Trust. Mr WONG is also a director of Chance Again. Save as mentioned above, Mr WONG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr WONG in the Shares and underlying Shares under the provisions of Part XV of the Securities and Futures Ordinance (the "**SFO**") is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Ms LI Yan Jie (李艷洁), aged 43

Executive Director

Ms LI joined the Group in December 2000 and was appointed as an executive Director on 25 August 2009. She also serves as a director of various subsidiaries within the Group. She was formerly the chief operating officer of the Company. Ms LI has extensive experience in sales and marketing and has a well-established client base. In 2004, Ms LI was a director of Rainbow, a company which is now listed on the Shenzhen Stock Exchange. From 1994 to 2000, she was the general manager of 深圳市土地房產交易中心 (Shenzhen Land & Real Estate Exchange Center) (formerly known as 深圳市房地產交易中心 (Shenzhen Real Estate Exchange Center)). Ms LI studied an executive training course on real estate development and finance at 清華大學 (Tsinghua University) in 2006. Ms LI does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Ms LI in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr LEE Sai Kai David (李世佳), aged 48
Executive Director

Mr LEE joined the Group in September 2002 and was appointed as an executive Director on 25 August 2009. He is also a director of various subsidiaries within the Group. Previously, he acted as the deputy financial controller of TGI, a company then listed on the Stock Exchange and the financial controller of China Foods, a company listed on the Stock Exchange. In 1996, he took up executive directorship at ITC, a company listed on the Stock Exchange. He now serves as a director of Rainbow, a company listed on the Shenzhen Stock Exchange. Mr LEE received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic University. He is an associate of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants, respectively, a fellow of the Association of Chartered Certified Accountants and a member of Chartered Global Management Accountant. Mr LEE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr LEE in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr LAM Jim (林戰), aged 43
Executive Director and Chief Financial Officer

Mr LAM joined the Group as the chief financial officer of the Company in May 2010 and was appointed as an executive Director on 4 July 2011. Prior to joining the Group, Mr LAM acted as the chief financial officer, company secretary and qualified accountant of Greentown China Holdings Limited, a company listed on the Stock Exchange, from September 2008 to April 2010. Prior to September 2008, Mr LAM worked for an international audit firm and various international investment banks and has over 10 years of experience in the field of auditing, equity research, investment and financial management. Mr LAM received his Bachelor's degree in business administration from the Chinese University of Hong Kong in 1992 and a Master's degree in accounting and finance from the London School of Economics and Political Science in 1996. He is also a member of the Hong Kong Institute of Certified Public Accountants. Mr LAM does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr LAM in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr CHEN Feng Yang (陳風楊), aged 49
Executive Director and Chief Operating Officer

Mr CHEN was appointed as an executive Director on 1 June 2013. He joined the Group in February 2006 and was promoted to the position of senior vice president in October 2010 and later appointed as the chief operating officer of the Company in June 2011. He is the director of several subsidiaries of the Group. During the period between 2002 to 2006, he worked as the vice president of 中國寶安集團股份有限公司 (China Bao'an Group Co. Ltd.) and the chairman of 深圳恒安房地產開發有限公司 (Hengan Property Development (Shenzhen) Ltd.). Mr CHEN graduated from 武漢工業大學 (Wuhan Institute of Technology) in 1989 with a master degree in Structural Engineering. Mr CHEN does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr CHEN in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Independent Non-executive Directors

Mr BROOKE Charles Nicholas, aged 72
Independent Non-executive Director

Mr Brooke was appointed as an independent non-executive Director on 30 November 2010. He is also an independent non-executive Director of VinaLand Limited which is listed on the London Stock Exchange. Mr Brooke is the chairman of Professional Property Services Limited which specialises in real estate consultancy and is based in Hong Kong, providing clients with a selected range of advisory services across the Asia Pacific region. He is a Justice of the Peace. He is also the chairman of the Hong Kong Harbourfront Commission and the chairman of the Hong Kong Science and Technology Parks Corporation. He is a member of the Innovation and Technology Steering Committee and the Steering Committee on the Promotion of Electric Vehicles. He is also a member of Commission on Strategic Development, Working Group on Intellectual Property Trading and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries for Economic Development Commission. Mr Brooke was awarded Silver Bauhinia Star (SBS) in 2012. He is a Trustee of the International Valuation Standards Council (IVSC) and is an honorary member of the American Institute of Architects, an honorary professor at the University of Hong Kong and Chongqing University and an honorary fellow of the College of Estate Management in UK. He is the former President of the Royal Institution of Chartered Surveyors, a former member of the Hong Kong Town Planning Board, a former vice-chairman of the Metro Planning committee and a former member of the Hong Kong Housing Authority. In 2004, Mr Brooke was admitted as a Freeman of the City of London. He is a Fellow of the Royal Institution of Chartered Surveyors and of the Hong Kong Institute of Surveyors. In 1963, Mr Brooke graduated from the University of London with a Bachelor of Science degree in Estate Management. Mr Brooke does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr BROOKE in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr CHENG Yuk Wo (鄭毓和), aged 53
Independent Non-executive Director

Mr CHENG was appointed as an independent non-executive Director on 30 November 2010. Mr CHENG worked at PricewaterhouseCoopers (formerly known as Coopers and Lybrand) in London in 1984 and at UBS AG (formerly known as Swiss Bank Corporation) in Toronto in 1989. He is also the co-founder of Centurion Corporate Finance Limited. In 1999, he became the sole proprietor of Erik CHENG & Co., Certified Public Accountants. Mr CHENG received his Master of Sciences (Econ) in Accounting and Finance from the London School of Economics and Political Science in 1984, and his Bachelor of Arts (Hons.) in Accounting from the University of Kent in 1983. Mr CHENG is currently a member of the Institute of Chartered Accountants of Ontario, Canada. He is also a fellow of the Institute of Chartered Accountants in England and Wales and a Certified Public Accountant practising in Hong Kong. Mr CHENG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The table below sets out Mr CHENG's directorships in a number of companies listed in Hong Kong as at the year ended 31 December 2013:

Name of the listed company	Position
Chong Hing Bank Limited	Independent non-executive director
C.P. Lotus Corporation (formerly known as Chia Tai Enterprises International Limited)	Independent non-executive director
CPMC Holdings Limited	Independent non-executive director
CSI Properties Limited (formerly known as Capital Strategic Investment Limited)	Independent non-executive director
Goldbond Group Holdings Limited	Independent non-executive director
HKC (Holdings) Limited	Independent non-executive director
Imagi International Holdings Limited	Independent non-executive director

The discloseable interest of Mr CHENG in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Professor WU Si Zong (吳泗宗), aged 62
Independent Non-executive Director

Professor WU was appointed as an independent non-executive Director on 30 November 2010. Since 1997 and until now, he has been a professor, a doctoral tutor, the secretary of the Party Committee and the vice dean of the Economic and Management School at 同濟大學 (Tongji University). Professor WU is the vice-chairman of 上海市市場學會 (Shanghai Marketing Society) and the standing director of 中國市市場學會 (China Marketing Society). Professor WU lectures in economics and international trade. His main research fields are business management, marketing and international trade. From 1994 to 1997, he was the Head of Affairs Committee of the International Trade Faculty at 江西財經大學 (Jiangxi University of Finance and Economics). From 2001 to 2008, Professor WU published several theses and was involved in various research projects in his fields of expertise. He also published many books in marketing, commerce and trade from 2000 to 2007. Professor WU received his Bachelor's degree in Economics from 江西財經大學 (Jianxi University of Finance and Economics) in 1982. In 1995, he received his Master's degree in Economics at 上海財經大學 (Shanghai University of Finance and Economics). Professor WU does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Professor WU in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Save as disclosed above, there is no other information in respect of the Directors which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Senior Management

Mr LUO Wen Jun (羅文俊), aged 57
Vice President

Mr LUO joined the Group in May 2006 and was appointed as a vice president of the Company in June 2009. Mr LUO is in charge of the retail and property management division of the Group. Prior to joining the Group, Mr LUO possessed extensive experience in property development and business administration. During the period between 1985 and 1999, he worked as the deputy sector chief and assistant to the manager of 上海市閘北區人民政府財貿辦公室 (Shanghai Zhabei District People's Government Finance and Trade Office), the general manager of 上海市新新百貨公司 (Shanghai Xin Xin Department Store), the deputy general director of business construction of Shanghai train station (上海鐵路新客站商業建設副總指揮), the deputy general manager of 上海心族農工商總公司 (Shanghai Xin Zu Nong Industrial and Commercial Company Limited) and the managing director of 上海明天廣場有限公司 (Shanghai Tomorrow Square Company Limited). From 2002 to 2006, he was the director and executive deputy general manager of 上海不夜城股份有限公司 (Shanghai Everbright Company Limited). In addition, Mr LUO was elected as the vice chairman of the Federation of Industry and Commerce of Zhonglou District of Changzhou and the deputy to the National People's Congress of Zhonglou District of Changzhou respectively in 2011 and 2012. In August 2012, he was appointed as the standing director of Jiangsu Hong Kong-Invested Company Service Association (江蘇省港商投資企業服務協會). Mr LUO completed a Business Management course at 上海電視大學 (Shanghai TV University) in 1986. Mr LUO does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms SHI Ning (石寧), aged 58
Vice President

Ms SHI joined the Group in June 2008 and was appointed as a vice president of the Company in March 2010. She is in charge of the Group's cost control and legal departments in China. Prior to joining the Group, she took up various positions including the deputy general manager of Shenzhen Investment Limited (深圳控股有限公司), the general manager of China projects of Sino Land Company Limited and the lecturer of Capital University of Economics and Business. Ms SHI holds a bachelor degree in economics of Capital University of Economics and Business and a degree in Business Administration (Finance) of Murdoch University in Australia. Ms SHI does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr HE Da Chuan (賀大川), aged 53
Vice President

Mr HE joined the Group in July 2012 and was appointed as the general manager of a subsidiary in Changzhou. He was appointed as a vice president of the Company in February 2013. Mr HE is the managing director and general manager of Zhejiang Regional Company. Prior to joining the Group, he was the manager of marketing department of 中海地產 (COB Development (Shanghai) Company Limited (formerly known as 中國海外土地及投資(上海)有限公司 (China Overseas Land & Investment (Shanghai) Limited))), the general manager of Shanghai Hopson Property Development Company Limited (上海合生房地產開發有限公司), the general manager of Chengdu's business department of Greenland Group (綠地集團) in Shanghai and the vice president of Rong Qiao Group (融僑集團股份有限公司). Mr HE graduated from Wuhan Institute of Building Materials (武漢建材學院). Mr HE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms LUK Po Chun (陸寶珍), aged 44
Company Secretary

Ms LUK joined the Group in 2007 and was appointed as the Company Secretary in August 2009. Having worked for various listed companies in Hong Kong and overseas, Ms LUK has extensive experience in company secretarial matters, accounting and financial management. Prior to joining the Group, Ms LUK was the chief accountant of China Water Affairs Group Limited, which is listed on the Stock Exchange. She was also the chief accountant of S.A. Cimenteries CBR, a subsidiary of Heidelberg Cement Group, a listed company in Germany. Ms LUK holds a master degree in Corporate Finance of The Hong Kong Polytechnic University. She is also an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Ms LUK does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr CHEUNG Koon Wan Johnson (張冠寰), aged 55
Chief Architect

Mr CHEUNG joined the Group as the chief architect in February 2012 and is in charge of the design and management department. Prior to joining the Group, he worked for Henderson Land Development Company Limited, Chun Wo (China) Limited, Pacific Concord Holding Limited and 康帕斯專業顧問有限公司, a wholly-owned subsidiary of Sun Hung Kai Properties Limited and has extensive experience in project management. He also worked for the Hong Kong Jockey Club and CLP Power Hong Kong Limited, where he was in charge of asset and facility management. Mr CHEUNG is a member of Royal Institute of British Architects, Royal Institution of Chartered Surveyors, the Hong Kong Institute of Architects and the Hong Kong Institute of Surveyors. He also holds a bachelor degree in architecture of McGill University in Canada and a master degree in Real Estate Development of Hong Kong University. Mr CHEUNG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2013.

Principal Activities

The principal activity of the Company is investment holding. The Group is a real estate property developer in the PRC and is principally engaged in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. Details of the principal activities of the subsidiaries are set out in note 14 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 Group at that date are set out in the consolidated financial statements on pages 88 to 95 of this report. The Board has recommended the payment of final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2013 (for the year ended 31 December 2012: HK15 cents) to Shareholders and holders of PCSs whose names appear on the register of members of the Company on Friday, 6 June 2014. Upon approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 19 May 2014 ("**AGM**"), the final dividend will be payable on or around 12 June 2014.

Closure of Register of Members and Register of Holders of PCSs

The Register of Members and the Register of Holders of PCSs of the Company will be closed during the following periods:

(i) For determining the eligibility of the Shareholders to attend and vote at the AGM:

Latest time to lodge transfer documents for registration . . . . 4:30 p.m. on Wednesday, 14 May 2014
Closure of register of members. . . . . .Thursday, 15 May 2014 to Monday, 19 May 2014
Record date . . . . Monday, 19 May 2014

In the case of the PCSs, the notice of conversion in prescribed form, together with the relevant certificate of the PCSs and confirmation that any amounts required to be paid by the holder of PCSs have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong, not later than 4:30 pm on Monday, 5 May 2014.

(ii) For determining the entitlement of the Shareholders to the proposed final dividend:

Latest time to lodge transfer documents for registration . . . . .4:30 p.m. on Tuesday, 3 June 2014
Closure of register of members. . . . . Wednesday, 4 June 2014 to Friday, 6 June 2014
Record date . . . . Friday, 6 June 2014

In the case of the PCSs, all transfers of PCSs accompanied by the relevant PCSs certificates must be lodged with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 27 May 2014.

Summary Financial Information

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on pages 170 to 172 of this report. This summary does not form part of the audited consolidated 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 note 13 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 24.

Properties Under Development for Sale

Details of the properties under development for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major properties under development are set out on page 7.

Completed Properties for Sale

Details of the completed properties for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major completed properties held for sale are set out on page 6.

Leasehold Land Held for Development for Sale

Details of the leasehold land held for development for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major leasehold properties held for development for sale are set out on page 7.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 26(c) 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 existing Shareholders.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders 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 has purchased, sold or redeemed any of the Company's listed securities during the period from 23 March 2011 (the "**Listing Date**") up to and including 31 December 2013.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 26(a) to the financial statements and in the consolidated statement of changes in equity.

Distributable Reserves

As at 31 December 2013, the aggregate amount of the Company's reserves available for distribution to equity shareholders and the holders of PCSs of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was HK$1,621,540,000 (2012: HK$1,981,951,000). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders and holders of PCSs subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be distributed out of the retained profits or other reserves, including share premium and contributed surplus, of the Company.

Bank and other Borrowings

Particulars of bank and other borrowings of the Group as at 31 December 2013 are set out in note 22 to the financial statements.

Charitable Donations

The charitable donations made by the Group during the year amounted to HK$9,969,000 (2012: HK$3,518,000).

Connected Transactions

(1) Disposal of 30% interest in a subsidiary

On 31 October 2013, the Group entered into a share purchase agreement with Firewave Management Limited ("**Firewave**"), a connected person, pursuant to which the Group conditionally agreed to sell (i) 30% of the issued share capital of Shine Rise, which is an indirect wholly-owned subsidiary of the Company and indirectly owns Shanghai Shama Century Park, for a consideration of RMB6,555,000 (equivalent to approximately HK$8,259,000) and (ii) 30% of the outstanding shareholder's loan of Shine Rise as at the date of the completion of this transaction, being 27 December 2013, at RMB237,000,000 (equivalent to approximately HK$298,620,000). As a result, the Group has had 70% effective interest over Shanghai Shama Century Park since 27 December 2013.

Firewave, being a purchaser and an indirectly wholly-owned subsidiary of Metro Holdings Limited which indirectly holds 30% equity interest in a subsidiary of the Company, is regarded as a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Group's disposal of 30% equity interest in Shine Rise to Firewave constituted a connected transaction of the Company. Pursuant to Rule 14A.45 of the Listing Rules, details of the disposal are included in this report, the Company's announcement dated 31 October 2013 and circular dated 29 November 2013, and the transaction was subject to the reporting, announcement and the independent Shareholders' approval requirements under the Listing Rules.

(2) Entering into a cooperation framework agreement and associated transactions

On 15 November 2013, the Group entered into a cooperation framework agreement with Shenzhen Agricultural Products, a connected person. Pursuant to the cooperation framework agreement, Shenzhen Xinxiang, an indirectly non-wholly owned subsidiary of the Company, has agreed to be the sole principal of the urban renewal project for the Shenzhen Buji Market Project, a redevelopment project with two phases for redeveloping and reconstructing a land attached to the project, upon obtaining the approval of the PRC Government. Shenzhen Agricultural Products has agreed to solely cooperate with Shenzhen Xinxiang in the Shenzhen Buji Market Project. The maximum cash compensation payable by Shenzhen Xinxiang in relation to Phase 1 of the Shenzhen Buji Market Project is estimated to be RMB2,100,000,000 (equivalent to approximately HK$2,646,000,000).

To proceed with Phase I redevelopment, on 15 November 2013, Shenzhen Xinxiang and Shenzhen Agricultural Products also entered into the supplemental cooperation framework agreement, pursuant to which Shenzhen Xinxiang and Shenzhen Agricultural Products agreed to, among others, (i) enter into the cold store demolition compensation agreement (the "**Cold Store Demolition Compensation Agreement**"), and (ii) upon the payment of the cash compensation to Shenzhen Agricultural Products by Shenzhen Xinxiang pursuant to the Cold Store Demolition Compensation Agreement, arrange payment of approximately RMB75,730,000 (or approximately HK$95,419,800) to Shenzhen Xinxiang, which is the payment made by Shenzhen Xinxiang on behalf of Shenzhen Agricultural Products as the resettlement compensation to certain tenants of Phase I redevelopment. Besides, as part of Phase I redevelopment, on 15 November 2013, Shenzhen Xinxiang and Shenzhen Agricultural Products entered into the Cold Store Demolition Compensation Agreement, pursuant to which Shenzhen Agricultural Products agreed to accept cash compensation in the amount of RMB131,527,090 (or approximately HK$165,724,133.4), and Shenzhen Xinxiang agreed to pay such amount to Shenzhen Agricultural Products as demolition compensation in respect of the cold store under Phase I redevelopment.

As Shenzhen Agricultural Products is a substantial shareholder of Shenzhen Xinxiang and hence is a connected person of the Company within the meaning of the Listing Rules, the entering into of the cooperation framework agreement and associated transactions constituted a connected transaction of the Company under Rule 14A.13(6) of the Listing Rules. Pursuant to Rule 14A.45 of the Listing Rules, details of the transactions are included in this report, the Company's announcement dated 17 November 2013 and circular dated 27 December 2013, and the transaction was subject to the reporting, announcement and the independent Shareholders' approval requirements under the Listing Rules.

Major Customers and Suppliers

For the year ended 31 December 2013, sales to the Group's five largest customers accounted for approximately 1.5% of the Group's revenue for the year and sales to the largest customer amounted to approximately 0.4% of the Group's revenue for the year.

For the year ended 31 December 2013, purchases from the Group's five largest suppliers accounted for approximately 26.2% of the Group's purchases for the year and purchases from the largest supplier amounted to approximately 9.3% of the Group's 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 interest in any of the five largest customers and suppliers of the Group.

Directors

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

	Date of appointment	Date of resignation
Executive Directors		
Mr WONG Chun Hong (Chairman and Chief Executive Officer)	25 August 2009	N/A
Ms LI Yan Jie	25 August 2009	N/A
Mr LEE Sai Kai David	25 August 2009	N/A
Mr LAM Jim (Chief Financial Officer)	4 July 2011	N/A
Mr WANG Tian Ye	1 September 2012	1 November 2013
Mr CHEN Feng Yang (Chief Operating Officer)	1 June 2013	N/A
Non-executive Director		
Dr McCABE Kevin Charles	25 August 2009	1 June 2013
Alternate Director to Dr McCABE Kevin Charles		
Ms THAM Qian	25 August 2009	1 June 2013
Independent non-executive Directors		
Mr BROOKE Charles Nicholas	30 November 2010	N/A
Mr CHENG Yuk Wo	30 November 2010	N/A
Professor WU Si Zong	30 November 2010	N/A

Remarks: N/A represents not applicable

In accordance with article 84(1) 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, the number nearest to but not less than one third) shall 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.

In accordance with article 83(3) of the Company's articles of association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Mr CHEN Feng Yang was appointed as an executive Director by the Board on 1 June 2013.

By virtue of article 83(3) of the Company's articles of association, Mr CHEN Feng Yang will retire from office and, being eligible, will offer himself for re-election at the AGM.

By virtue of article 84(1) of the Company's articles of association, Mr WONG Chun Hong, Ms LI Yan Jie and Mr LAM Jim will retire from office and, being eligible, will offer themselves for re-election at the AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this report, all of the independent non-executive Directors are independent.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 63 to 68 of this report.

Directors' Service Contracts

Each of the executive Directors (except Mr LAM Jim and Mr CHEN Feng Yang) has renewed his/her service contract with the Company for a term of three years from on 1 December 2013 upon expiration of which the service contract shall lapse and expire. The service contract may also be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing. Mr LAM Jim and Mr CHEN Feng Yang entered into a service contract with the Company for an initial term of three years commencing on 4 July 2011 and 1 June 2013, respectively, upon expiration of which the service contract shall lapse and expire. The service contract may also be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors has been re-appointed by the Company for a term of three years from 1 December 2013 upon expiration of which the appointment shall lapse and expire. The appointment may also be terminated by either party giving to the other not less than three months' prior notice in writing.

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group 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 chief executive office and reviewed by the Remuneration Committee with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions and also the change in market conditions.

Directors' Interests in Contracts

Save as disclosed in note 8 to the financial statements, 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, subsisted at the end of the year under review or at any time during the year under review.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations

As at 31 December 2013, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(i) Long positions in Shares and underlying Shares of the Company

Name of Director	Type of interest	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)	Approximate percentage of issued Shares (%)
Mr WONG Chun Hong ("**Mr WONG**") (Note 2)	Interest in a controlled corporation	148,500	–	59,400	207,900 Shares (L)	0.02
	Settlor of a trust	620,593,500	–	250,861,400	871,454,900 Shares (L)	75.43
	Beneficial owner	–	1,400,000	–	1,400,000 Shares (L)	0.12
Ms LI Yan Jie ("**Ms LI**") (Note 3)	Beneficial owner	–	3,120,000	–	3,120,000 Shares (L)	0.27
Mr LEE Sai Kai David ("**Mr LEE**") (Note 4)	Beneficial owner	11,203,400	420,000	–	11,623,400 Shares (L)	1.01
Mr LAM Jim ("**Mr LAM**") (Note 5)	Beneficial owner	–	8,400,000	–	8,400,000 Shares (L)	0.73
Mr CHEN Feng Yang ("**Mr CHEN**") (Note 6)	Beneficial owner	2,157,600	5,634,000	–	7,791,600 Shares (L)	0.67
Mr CHENG Yuk Wo ("**Mr CHENG**") (Note 7)	Beneficial owner	–	420,000	–	420,000 Shares (L)	0.04
Mr BROOKE Charles Nicholas ("**Mr BROOKE**") (Note 8)	Beneficial owner	–	420,000	–	420,000 Shares (L)	0.04
Professor WU Si Zong ("**Professor WU**") (Note 9)	Beneficial owner	–	420,000	–	420,000 Shares (L)	0.04

Notes:

(1) The letter "L" denotes the Director's long position in the Shares or underlying Shares of the Company.

(2) Kang Jun Limited ("**Kang Jun**") is held as to 100% by Mr WONG and by virtue of the SFO. Mr WONG is deemed to be interested in 148,500 Shares held by Kang Jun and 59,400 underlying Shares in relation to the PCSs held by Kang Jun. Chance Again Limited ("**Chance Again**") is held as to 100% by Cheung Yuet (B.V.I.) Limited ("**BVI Co**"). BVI Co is wholly-owned by HSBC International Trustee Limited ("**HSBC International Trustee**") as the trustee of the Cheung Yuet Memorial Trust, a discretionary family trust established by Mr WONG (the "**WONG Family Trust**") and the beneficiaries of which include Mr WONG's family members. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in 620,593,500 Shares held by Chance Again and 250,861,400 underlying Shares in relation to the PCSs held by Chance Again, and Mr WONG's long position of 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 400,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 31 December 2013, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(3) Ms LI's long position in the underlying Shares comprises 420,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue, and 2,700,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 2). These share options, all of which remained exercisable as at 31 December 2013, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022, and (ii) 2,700,000 share options at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023.

(4) Mr LEE's long position in the underlying Shares comprises 11,203,400 Shares beneficially owned by himself and 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 31 December 2013, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(5) Mr LAM's long position in the underlying Shares comprises 7,000,000 options granted to him by the Company under the Pre-IPO Share Option Scheme of which 2,000,000 options are related to the adjustment on the share options as a result of the Bonus Issue, and 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 400,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 31 December 2013, were exercisable as to (i) 7,000,000 share options at the subscription price of HK$1.78 per Share during the period from 23 March 2012 to 2 December 2020, and (ii) 1,400,000 share options at the subscriptions price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(6) Mr CHEN's long position in the underlying Shares comprises (i) 864,000 Shares beneficially owned by himself, (ii) 1,293,600 Shares granted to him by the Company under the Share Award Scheme of which 369,600 Shares are related to the adjustment on the Shares as a result of the Bonus Issue, (iii) 3,234,000 options granted to him by the Company under the Pre-IPO Share Option Scheme of which 924,000 options are related to the adjustment on the share options as a result of the Bonus Issue and (iv) 2,400,000 options granted to him by the Company under the Post-IPO Share Option Schemes which comprises of 1,400,000 options granted under the Post-IPO Share Option Scheme (Lot 1) of which 400,000 options are related to the adjustment on the share options as a result of the Bonus Issue, and 1,000,000 options granted under the Post-IPO Share Option Scheme (Lot 2)). These share options, all of which remained exercisable as at 31 December 2013, are exercisable as to (i) 3,234,000 share options at the subscription price of HK$1.780 per Share during the period from 23 March 2012 to 2 December 2020, (ii) 1,400,000 share options at the subscriptions price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022 and (iii) 1,000,000 share options at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023.

(7) Mr CHENG's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 31 December 2013, are exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(8) Mr BROOKE's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 31 December 2013, are exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(9) Professor WU's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 31 December 2013, are exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(ii) Long positions in the Shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number and class of securities in associated corporation (Note 1)	Percentage of interest in associated corporation (%)
Mr Wong (Note 2)	Chance Again	Settlor of a trust	100 ordinary shares (L)	100

Notes:

(1) The letter "L" denotes the Director's long position in the shares of the relevant associated corporation of the Company.

(2) Chance Again is held as to 100% by BVI Co. BVI Co is wholly-owned by HSBC International Trustee of the WONG Family Trust. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in the 100 shares in Chance Again.

Save as disclosed above, as at 31 December 2013, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii), which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this report, 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; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Directors' Interests in a Competing Business

During the year under review, save as disclosed in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" in the prospectus of the Company dated 11 March 2011 (the "**Prospectus**"), 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, as defined in the Listing Rules.

Share Option Schemes

The Company adopted the Pre-IPO Share Option Scheme and the Share Award Scheme on 2 December 2010 under which the Company granted share options and awarded shares to certain eligible employees. During the year ended 31 December 2013, 3,069,500 share options had been exercised by the grantees and a total number of 3,092,996 and 177,000 share options had been cancelled and lapsed respectively upon the resignation of certain grantees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Pre-IPO Share Option Scheme in which 9,478,516 share options were additionally granted to the holders of the share options under the Pre-IPO Share Option Scheme. As a result, 30,461,189 share options (representing approximately 2.64% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2013 under the Pre-IPO Share Option Scheme. The Company has also adopted the Post-IPO Share Option Scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012 and on 20 June 2013, the Group granted 15,720,000 share options under the Post-IPO Share Option Scheme (Lot 1) and 14,000,000 share options under the Post-IPO Share Option Scheme (Lot 2) respectively at the exercise price of HK$3.17 per Share and HK$4.14 per Share respectively to Directors, senior management and selected employees of the Group. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Post-IPO Share Option Scheme (Lot 1) in which 5,808,000 share options were additionally granted to the holders of Lot 1 under the Post-IPO Share Option Scheme. During the year ended 31 December 2013, a total number of 3,737,600 share options had been cancelled upon resignation of a grantee and 50,400 shares options lapsed upon resignation of grantees. As a result, 31,440,000 share options (representing approximately 2.72% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2013 under the Post-IPO Share Option Scheme.

(a) Pre-IPO Share Option Scheme

(i) Purpose and Participants of the Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 2 December 2010 to recognise and acknowledge the contributions that certain of its employees or employees of companies in which the Group holds an interests (excluding the subsidiaries of the Group) ("**Invested Entities**") have made or may make to the Group.

(ii) Implementation

On 3 December 2010, options to subscribe for a total of 34,371,667 Shares were granted to 98 employees of the Group and an Invested Entity ("**Selected Grantees**") under the Pre-IPO Share Option Scheme. As at 31 December 2013, 3,069,500 Shares options had been exercised by the grantees and a total of 3,092,996 and 177,000 Shares options had been cancelled and lapsed respectively upon the resignation of certain grantees and became not exercisable as a result of their ceasing to be employed by the Group. As at 31 December 2013, there were options to subscribe for a total of 30,461,189 Shares (representing approximately 2.64% of the issued share capital of the Company as at the date of this report) granted to 86 Selected Grantees under the Pre-IPO Share Option Scheme and remaining outstanding ("**Pre-IPO Options**"). Further details of the options granted under the Pre-IPO Share Option Scheme and remaining outstanding at the end of the year under review are set out in note 25(a) to the financial statements.

The Pre-IPO Options were transferred to Great Canyon Investment Limited, a special purpose vehicle incorporated in the British Virgin Islands under the Share Option Trust which holds the Pre-IPO Options on trust for the benefit of the Selected Grantees prior to the vesting of the Pre-IPO Options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme and instrument constituting the Share Option Trust. For the implementation of the Pre-IPO Share Option Scheme, the Share Option Trust was established on 3 December 2010 for the benefit of the Selected Grantees and HSBC Trustee (Hong Kong) Limited ("**HSBC Trustee**") acts as the trustee thereof.

All the Pre-IPO Options were granted at a consideration of HK$1.00 paid by each Selected Grantee and no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

(iii) Vesting of the Pre-IPO Options

- Subject to applicable laws and regulations and the paragraphs below, the Pre-IPO Options are to be exercised on or after the Listing Date and are subject to a vesting period of three years commencing from the Listing Date during which 30% of the total Pre-IPO Options granted to a Selected Grantee will vest on each of the first and second anniversary dates of the Listing Date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the third anniversary date of the Listing Date.

- Notwithstanding the paragraph above, unless it is provided for in the employment contract with the relevant Selected Grantee and/or written documents for granting an offer, any Pre-IPO Option granted to a Selected Grantee whose employment with the Group or an Invested Entity is less than one year as at the Listing Date shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Grantee, during which 30% of the total Pre-IPO Options granted to such Selected Grantee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the fourth anniversary date of the employment commencement date.

- Any vesting date of a Selected Grantee is subject to postponement of one year in the event that the performance appraisal of such Selected Grantee is rated at the lowest range for two consecutive years. Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date, and any Pre-IPO Option granted to a Selected Grantee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Grantee forthwith.

- The Pre-IPO Options will become exercisable for a period to be notified by the Advisory Committee to each Selected Grantee and will not be more than 10 years from the date on which the Pre-IPO Option is deemed to have been granted in the manner as stipulated in the Pre-IPO Share Option Scheme.

(iv) Exercise price of the Pre-IPO Options

The exercise price payable upon the exercise of any Pre-IPO Options is at HK$2.492 per Share, subject to any adjustment made in the manner as contemplated under the Pre-IPO Share Option Scheme. Upon completion of the Bonus Issue on 20 June 2013, the exercise price of Pre-IPO Options was adjusted to HK$1.780 per Share.

(v) Other material terms of the Pre-IPO Share Option Scheme

The terms of the Pre-IPO Share Option Scheme are similar to those of the Post-IPO Share Option Scheme except in respect of the following material terms:

- the Pre-IPO Share Option Scheme is not conditional upon listing of Shares of the Company on the Main Board of the Stock Exchange and is not subject to any other conditions;

- the provisions on the granting of options to connected persons (as defined in the Listing Rules) were not included; and

- the Advisory Committee may only grant options under the Pre-IPO Share Option Scheme at any time on a business day (as defined in the Listing Rules) during a period commencing on 2 December 2010 and before the Listing Date. No further options (other than options to subscribe for a total of 34,371,667 Shares already granted under the Pre-IPO Share Option Scheme, of which 30,461,189 options remained outstanding as at 31 December 2013) will be offered under the Pre-IPO Share Option Scheme and accordingly, the Pre-IPO Share Option Scheme does not contain provision relating to the "refreshing" of the 10% limit or the seeking of separate approval for granting options beyond the 10% limit as anticipated in Note 1 of Rule 17.03(3) of the Listing Rules, or the restrictions on the number of shares issued or to be issued under options in any 12-month period to any participant of the Pre-IPO Share Option Scheme not exceeding 1% of the Shares in issue as anticipated in the Note to Rule 17.03(4) of the Listing Rules.

(b) Post-IPO Share Option Scheme

(i) Purpose of the Post-IPO Share Option Scheme

The Company has adopted the Post-IPO Share Option Scheme on 28 February 2011 to recognise and acknowledge the contributions that Eligible Persons (as defined in paragraph (ii) below) have made or may make to the Group.

(ii) Participants of the Post-IPO Share Option Scheme

The Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially and wholly-owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate ("**Eligible Persons**").

(iii) Subscription price of Shares

The subscription price for any Share under the Post-IPO Share Option Scheme will be a price determined by the Board and notified to each grantee and will be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day as defined in the Listing Rules; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share. The subscription price shall also be subject to any adjustments made in a situation contemplated under the Post-IPO Share Option Scheme.

(iv) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 100,000,000 Shares, being 10% of the issued share capital of the Company as at the Listing Date unless Shareholders' approval has been obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time.

(v) Maximum entitlement of each Eligible Person

No option may be granted to any Eligible Person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to any Director, chief executive (as defined in the Listing Rules) or substantial Shareholder (as defined in the Listing Rules) or any their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is a proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director or their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million,

such further grant of options must be approved by the Shareholders.

(vi) Time of exercise of the Options

Subject to certain restrictions contained in the Post-IPO Share Option Scheme, an option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than 10 years from the date of grant of option.

(vii) Payment on acceptance of Option offer

HK$1.00 is payable by the Eligible Person to the Company on acceptance of the option offered as consideration for the grant. The offer of a grant of share options may be accepted within 21 business days from the date of offer.

(viii) Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain valid for a period of 10 years commencing on the effective date of the Post-IPO Share Option Scheme, that is 22 March 2011, after which no further options will be issued but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

(ix) Present status of the Post-IPO Share Option Scheme

On 26 June 2012 and on 20 June 2013, the Group granted 15,720,000 share options under the Post-IPO Share Option Scheme (Lot 1) and 14,000,000 share options under the Post-IPO Share Option Scheme (Lot 2) respectively at the exercise price of HK$3.17 per Share and HK$4.14 per Share respectively to Directors, senior management and selected employees of the Group. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Post-IPO Share Option Scheme (Lot 1) in which 5,808,000 share options were additionally granted to the holders of Lot 1 under the Post-IPO Share Option Scheme and the exercise price was adjusted to HK$2.264. During the year ended 31 December 2013, a total number of 3,737,600 share options had been cancelled upon resignation of a grantee and 50,400 shares options lapsed upon resignation of grantees. As a result, 31,440,000 share options (representing approximately 2.72% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2013 under the Post-IPO Share Option Scheme.

Share Award Scheme

(i) Purpose and Participants of the Share Award Scheme

The Company has adopted the Share Award Scheme on 2 December 2010 to recognise and acknowledge the contributions of certain of its employees or employees of the Invested Entities, especially those whom the Company considers have contributed to the early development and growth of the Group and to align their interests with those of the Shareholders.

(ii) Implementation

Pursuant to the Share Award Scheme, a total of 35 employees of the Group and the Invested Entity ("**Selected Employees**") were awarded 6,452,000 Shares (after the Capitalisation Issue (as defined in the Prospectus)) ("**Awarded Shares**"). None of the Awarded Shares was awarded to the Directors. On 3 December 2010, 2,024 Shares were contributed and transferred by Chance Again to the Selected Employees which were immediately transferred to Marble World Holdings Limited ("**Marble World**"), a special purpose vehicle incorporated in the British Virgin Islands under the Share Award Trust which holds such Shares and will hold further Shares to be issued to it pursuant to the Capitalisation Issue on trust for the benefit of the Selected Employees prior to the vesting of the Awarded Shares in accordance with the terms and conditions of the Share Award Scheme and instrument constituting a trust of which HSBC Trustee acts as the trustee and the beneficiary objects include employees of the Group and the Invested Entities as grantees under the Share Award Scheme ("**Share Award Trust**"). For the implementation of the Share Award Scheme, the Share Award Trust was established on 3 December 2010 for the benefit of the Selected Employees and HSBC Trustee acts as the trustee thereof.

As at 31 December 2013, four Selected Employees have ceased to be employed by the Group. A total of 328,000 Awarded Shares granted to them were deemed to have been surrendered by them and will be reallocated at the discretion of the Advisory Committee. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of Awarded Shares in which 2,067,200 Shares were additionally awarded to the Selected Employees. As a result, based on the Directors' knowledge, 7,123,200 Awarded Shares (representing 0.62% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2013 under the Share Award Scheme.

(iii) Vesting of the Awarded Shares

- Prior to the vesting of the Awarded Shares, the Selected Employees are not entitled to any rights attaching to the unvested Awarded Shares, including but not limited to voting rights, rights to dividends or other distributions.

- Subject to the following paragraphs and the terms of the Share Award Scheme, the grant of the Awarded Shares to a Selected Employee is subject to a vesting period of three years commencing from the relevant date on which the Awarded Share(s) was/were awarded ("**Date of Award**"), during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the first and second anniversary dates of the Date of Award and 40% of the total Awarded Shares granted to such Selected Employee will vest on the third anniversary date of the Date of Award.

- Unless it is provided for in the employment contract with the relevant Selected Employee, any Awarded Shares granted to a Selected Employee whose employment with the Group or an Invested Entity is less than one year at the Date of Award shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Employee, during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Awarded Shares granted to such Selected Employee will vest on the fourth anniversary date of the employment commencement date.

- The vesting date is subject to postponement of one year in the event that the performance appraisal of such Selected Employee is rated at the lowest range for two consecutive years.

- Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Date of Award or, as the case may be, the first anniversary date of the employment commencement date, and any Awarded Shares granted to a Selected Employee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Employee forthwith.

- The Awarded Shares will be vested to each Selected Employee at nil consideration.

- As at the vesting of the Awarded Shares, the Awarded Shares together with all the dividends and other distributions accrued thereon from the Date of Award to the vesting date of the relevant Awarded Shares (both dates inclusive), and all rights and benefits deriving from such Awarded Shares on or after such vesting will be vested in the relevant Selected Employees.

Further details of the Share Award Scheme are disclosed in note 25(b) to the financial statements.

Contract of Significance

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries during the year under review.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

Management Contracts

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

Substantial Shareholders' Interests in Shares or Underlying Shares of the Company

As at 31 December 2013, so far as is known to any Director or the chief executive of the Company, the following person (other than a Director or the chief executive of the Company) had interests or short positions in the Shares or 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 under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name	Capacity	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)	Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	620,593,500	–	250,861,400	871,454,900 Shares (L)	75.43
BVI Co (Note 2)	Interest in a controlled corporation	620,593,500	–	250,861,400	871,454,900 Shares (L)	75.43
HSBC International Trustee (Note 2)	Trustee of a trust	620,593,500	–	250,861,400	871,454,900 Shares (L)	75.43
Ms LIU Choi Lin ("**Ms LIU**") (Notes 2 & 3)	Interest of spouse	620,742,000	1,400,000	250,920,800	873,062,800 Shares (L)	75.57
APG Algemene Pensioen Groep NV	Investment manager	80,856,500	–	–	80,856,500 Shares (L)	7.00
Metro Holdings Limited (Note 4)	Interest in a controlled corporation	228,390,110	–	–	228,390,110 Shares (L)	19.77
ONG Hie Koan (Note 5)	Interest in a controlled corporation	228,390,110	–	–	228,390,110 Shares (L)	19.77

Notes:

(1) The letter "L" denotes the person's long position in the Shares or underlying Shares of the Company.

(2) Chance Again is held as to 100% by BVI Co. BVI Co is wholly-owned by HSBC International Trustee as the trustee of the WONG Family Trust. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in 620,593,500 Shares held by Chance Again and 250,861,400 underlying Shares in relation to the PCSs held by Chance Again.

(3) Ms LIU is the spouse of Mr WONG. By virtue of the SFO, Ms LIU is deemed to be interested in all the Shares and underlying Shares in which Mr WONG is interested.

(4) 227,970,810 Shares were held by Crown Investments Limited which was in turn wholly controlled by Metro China Holdings Pte Ltd which was in turn wholly controlled by Metro Holdings Limited. 419,300 Shares were held by Meren Pte Ltd which was in turn wholly controlled by Metro Holdings Limited. By virtue of the SFO, Metro Holdings Limited is deemed to be interested in the 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

(5) Metro Holdings Limited was 34.43% controlled by Mr ONG Hie Koan. By virtue of the SFO, Mr ONG Hie Koan is deemed to be interested in the 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

Save as disclosed above, as at 31 December 2013, no person (other than a Director or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

Compliance of Non-Competition Undertakings

To protect the Group from potential competition, Mr WONG entered into a deed of non-competition ("**Deed of Non-Competition**") with the Company pursuant to which he represents, warrants and undertakes to the Company (for itself and for the benefit of the other members of the Group), among other things, that other than through the Group, neither he nor any of his associates is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Group's business. Details of the Deed of Non-Competition have been set out in the paragraph headed "Non-Competition Undertakings from Mr WONG" in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" of the Prospectus.

The Company has received the annual confirmation from Mr WONG in respect of his compliance with the terms of the Deed of Non-Competition.

In order to ensure compliance by Mr WONG of the Deed of Non-Competition and to manage any potential conflict of interests arising from the business of the Controlling Shareholders and to safeguard the interests of the Shareholders, the Company has adopted the following corporate governance measures (the "**Corporate Governance Measures**"):

(a) the independent non-executive Directors have reviewed, on an annual basis, the compliance with the undertakings by Mr WONG under the Deed of Non-Competition;

(b) Mr WONG provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors of his compliance with the Deed of Non-Competition such as: (i) information on business opportunities including project names, amount of investment and the geographical location which may be identified by him or any of his associate(s); and (ii) information on any property developments conducted by him or any of his associate(s) during the year or a negative confirmation, as appropriate;

(c) the Company disclosed decisions on matters reviewed by the independent non-executive Directors relating to (where applicable) (i) compliance and enforcement of Mr WONG's non-competition undertakings; (ii) the exercise of the pre-emption rights where a business opportunity is referred to the Group; and/or (iii) any decision on the enforcement of breaches of his non-competition undertakings either through the annual reports of the Company, or by way of announcement to the public;

(d) Mr WONG made an annual declaration on compliance with his non-competition undertakings in the annual report of the Company and ensure that the disclosure of details of his compliance with and the enforcement of his non-competition undertakings is consistent with the principles of disclosure in the Corporate Governance Report contained in Appendix 14 to the Listing Rules;

(e) Mr WONG abstained from voting in all meetings of the Shareholders and/or the Board where there is any actual or potential conflicting interest;

(f) the Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. With expertise in different professional fields, the Company believes that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between the Group and the Controlling Shareholders arise;

(g) in the event that potential conflicts of interest may materialise, i.e. where a Director has an interest in a company that would enter into an agreement with the Group, the Director(s) with an interest in the relevant transaction(s) was not be present at the relevant Board meeting, and was excluded from the Board deliberation and abstain from voting and was not be counted towards quorum in respect of the relevant resolution(s) at such Board meeting;

(h) in the event that potential conflicts of interest may materialise, the Controlling Shareholders abstained from voting in the Shareholders' meeting of the Company with respect to the relevant resolution(s); and

(i) the Group is administratively independent from the Controlling Shareholders as it has its own company secretary, authorised representatives and administrative personnel.

The Directors consider that the above Corporate Governance Measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

The Directors confirm that each of the Corporate Governance Measures has been performed satisfactorily during the financial year ended 31 December 2013.

Events after the Reporting Period

Details of the significant events of the Group after the reporting period are set out in note 31 to the financial statements.

Sufficiency of Public Float

As announced by the Company on 28 January 2013, the public float of the Company has fallen below 25% of the entire issued share capital of the Company, that is, the minimum percentage required to be maintained under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules. The Company became aware of the insufficiency of the public float on 25 January 2013 (after trading hours) when the Company was reviewing its shareholding structure. The Company found out that the then 5.04% shareholding held by Metro Holdings Limited should not have been regarded as being held by the public since the establishment of a joint venture company of the Group on 20 December 2012.

On 27 March 2013, the Board announced a feasible and practical solution to restore the minimum public float of the Shares by way of proposing a bonus issue of Shares to the qualifying Shareholders whose names appear on the register of members of the Company on 24 May 2013 on the basis of two bonus shares for every five Shares held with an option to elect to receive PCSs in lieu of all or part of their entitlements to the bonus shares of the Company. The public float of the Company has been restored to at least 25% of the total issued share capital of the Company upon the issue of the bonus shares on 20 June 2013. For details, please refer to the Company's announcement entitled "Completion of the bonus issue, adjustments to the share options as a result of the bonus issue and fulfillment of public float requirement" dated 20 June 2013.

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 the latest practicable date prior to the issue of this report.

Auditors

KPMG will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

WONG Chun Hong
Chairman

Hong Kong
24 March 2014

Independent Auditor's Report

Independent auditor's report to the shareholders of
Top Spring International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Top Spring International Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 88 to 169, which comprise the consolidated and Company balance sheets as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This 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 auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2014

Consolidated Income Statement

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000
Turnover	3	**5,746,528**	6,064,954
Direct costs		**(3,446,121)**	(2,889,555)
Gross profit		**2,300,407**	3,175,399
Valuation gains on investment properties	13(a)	**1,117,664**	683,567
Other revenue	4	**124,468**	131,672
Other net income/(loss)	5	**405,650**	(28,365)
Selling and marketing expenses		**(254,968)**	(181,492)
Administrative expenses		**(533,644)**	(510,983)
Profit from operations		**3,159,577**	3,269,798
Finance costs	6(a)	**(671,779)**	(670,915)
Share of profits less losses of associates		**–**	4,826
Share of losses of joint ventures		**(5,017)**	–
Profit before taxation	6	**2,482,781**	2,603,709
Income tax	7(a)	**(1,120,941)**	(1,415,745)
Profit for the year		**1,361,840**	1,187,964
Attributable to:			
Equity shareholders of the Company		**1,284,458**	1,199,841
Non-controlling interests		**77,382**	(11,877)
Profit for the year		**1,361,840**	1,187,964
Earnings per share (Note)			
Basic	11	**$0.91**	$0.86
Diluted	11	**$0.90**	$0.85

Note: Basic and diluted earnings per share for the year ended 31 December 2012 have been restated for the impact of the bonus issue of shares (with bonus perpetual subordinated convertible securities ("PCSs") as an alternative) as explained in note 26(c)(ii).

The notes on pages 96 to 169 form part of these financial statements. Details of dividends payable to equity shareholders of the Company and holders of PCSs attributable to the profit for the year are set out in note 26(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	2013 $'000	2012 $'000
Profit for the year	**1,361,840**	1,187,964
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**165,832**	56,473
Share of other comprehensive income of associates and joint ventures	**4,572**	1,646
	170,404	58,119
Total comprehensive income for the year	**1,532,244**	1,246,083
Attributable to:		
Equity shareholders of the Company	**1,446,596**	1,254,082
Non-controlling interests	**85,648**	(7,999)
Total comprehensive income for the year	**1,532,244**	1,246,083

The notes on pages 96 to 169 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2013 $'000	2012 $'000	2012 $'000
Non-current assets					
Fixed assets	13(a)				
– Investment properties			**9,295,306**		4,230,817
– Other property, plant and equipment			**474,355**		450,588
– Interests in leasehold land held for own use under operating leases			**4,701**		28,833
			9,774,362		4,710,238
Interest in joint ventures	15		**166,238**		160,378
Other financial assets	16		**33,469**		32,545
Restricted and pledged deposits	19		**1,407,161**		124,363
Deferred tax assets	7(c)		**620,734**		853,492
			12,001,964		5,881,016
Current assets					
Inventories	17	**15,877,394**		11,628,155	
Other financial assets	16	**–**		9,949	
Trade and other receivables	18	**2,059,293**		1,520,168	
Tax recoverable		**43,929**		–	
Restricted and pledged deposits	19	**3,170,483**		989,365	
Cash and cash equivalents	20(a)	**5,606,262**		4,901,251	
		26,757,361		19,048,888	
Current liabilities					
Trade and other payables	21	**10,026,262**		6,390,764	
Bank and other borrowings	22	**9,070,702**		3,293,358	
Derivative financial instruments	24	**–**		45,436	
Tax payable		**4,872,872**		4,512,217	
		23,969,836		14,241,775	
Net current assets			**2,787,525**		4,807,113
Total assets less current liabilities			**14,789,489**		10,688,129
Non-current liabilities					
Bank and other borrowings	22	**5,989,594**		5,588,611	
Loans from joint ventures	23	**1,223,687**		–	
Deferred tax liabilities	7(c)	**1,301,124**		520,214	
			8,514,405		6,108,825
NET ASSETS			**6,275,084**		4,579,304

At 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2013 $'000	2012 $'000	2012 $'000
CAPITAL AND RESERVES					
Share capital	26(c)		**115,530**		100,187
Reserves			**5,530,466**		4,355,198
Total equity attributable to equity shareholders of the Company			**5,645,996**		4,455,385
Non-controlling interests			**629,088**		123,919
TOTAL EQUITY			**6,275,084**		4,579,304

Approved and authorised for issue by the board of directors on 24 March 2014.

WONG Chun Hong
Director

LEE Sai Kai David
Director

The notes on pages 96 to 169 form part of these financial statements.

Balance Sheet

At 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2013 $'000	2012 $'000	2012 $'000
Non-current assets					
Fixed assets	13(b)		**475**		792
Investments in subsidiaries	14		**186,828**		114,450
			187,303		115,242
Current assets					
Other receivables	18	**3,863,618**		4,173,189	
Cash and cash equivalents	20(a)	**482,361**		238,327	
		4,345,979		4,411,516	
Current liability					
Other payables	21	**2,508,451**		1,870,746	
Net current assets			**1,837,528**		2,540,770
Total assets less current liability			**2,024,831**		2,656,012
Non-current liability					
Other borrowings	22		**287,761**		573,874
NET ASSETS			**1,737,070**		2,082,138
CAPITAL AND RESERVES	26(a)				
Share capital			**115,530**		100,187
Reserves			**1,621,540**		1,981,951
TOTAL EQUITY			**1,737,070**		2,082,138

Approved and authorised for issue by the board of directors on 24 March 2014.

WONG Chun Hong
Director

LEE Sai Kai David
Director

The notes on pages 96 to 169 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company										
	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2012		100,041	1,394,202	83,380	339,020	378,123	49,843	(479,841)	1,555,158	3,419,926	100,539	3,520,465
Changes in equity for 2012:												
Profit for the year		–	–	–	–	–	–	–	1,199,841	1,199,841	(11,877)	1,187,964
Other comprehensive income		–	–	–	54,241	–	–	–	–	54,241	3,878	58,119
Total comprehensive income		–	–	–	54,241	–	–	–	1,199,841	1,254,082	(7,999)	1,246,083
Issuance of new shares under Pre-IPO Share Option Scheme	26(c)(i)	146	11,682	(8,203)	–	–	–	–	–	3,625	–	3,625
Equity settled share-based transactions		–	–	68,925	–	–	–	–	–	68,925	–	68,925
Share options and awarded shares forfeited		–	–	(10,927)	–	–	–	–	10,927	–	–	–
Disposal of partial interest in a subsidiary		–	–	–	–	–	–	9,326	–	9,326	(4,405)	4,921
Acquisition of additional interests in subsidiaries from non-controlling shareholders		–	–	–	–	–	–	–	–	–	(1,221)	(1,221)
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	37,005	37,005
Transfer to PRC statutory reserves		–	–	–	–	144,886	–	–	(144,886)	–	–	–
Dividend approved in respect of the previous year	26(b)	–	–	–	–	–	–	–	(150,242)	(150,242)	–	(150,242)
Dividend declared in respect of the current year	26(b)	–	–	–	–	–	–	–	(150,257)	(150,257)	–	(150,257)
Balance at 31 December 2012		100,187	1,405,884	133,175	393,261	523,009	49,843	(470,515)	2,320,541	4,455,385	123,919	4,579,304

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company										Non-controlling interests $'000	Total equity $'000
		Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000		
Balance at 1 January 2013		100,187	1,405,884	–	133,175	393,261	523,009	49,843	(470,515)	2,320,541	4,455,385	123,919	4,579,304
Changes in equity for 2013:													
Profit for the year		–	–	–	–	–	–	–	–	1,284,458	1,284,458	77,382	1,361,840
Other comprehensive income		–	–	–	–	162,138	–	–	–	–	162,138	8,266	170,404
Total comprehensive income		–	–	–	–	162,138	–	–	–	1,284,458	1,446,596	85,648	1,532,244
Issuance of new shares under Pre-IPO Share Option Scheme	26(c)(i)	306	21,142	–	(14,875)	–	–	–	–	–	6,573	–	6,573
Issuance of new shares under bonus issue (with PCSs as an alternative)	26(c)(ii)	15,037	(40,129)	25,092	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	69,475	–	–	–	–	–	69,475	–	69,475
Share options and awarded shares forfeited		–	–	–	(13,879)	–	–	–	–	13,879	–	–	–
Disposal of partial interests in subsidiaries		–	–	–	(26,060)	–	–	–	(806)	–	(26,866)	73,745	46,879
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	345,776	345,776
Transfer to PRC statutory reserves		–	–	–	–	–	70,035	–	–	(70,035)	–	–	–
Dividend approved in respect of the previous year	26(b)	–	–	–	–	–	–	–	–	(150,482)	(150,482)	–	(150,482)
Dividend declared in respect of the current year	26(b)	–	–	–	–	–	–	–	–	(154,685)	(154,685)	–	(154,685)
Balance at 31 December 2013		115,530	1,386,897	25,092	147,836	555,399	593,044	49,843	(471,321)	3,243,676	5,645,996	629,088	6,275,084

The notes on pages 96 to 169 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000
Operating activities			
Cash generated from operations	20(b)	**89,893**	503,291
Tax paid:			
– PRC tax paid		**(738,050)**	(766,991)
Net cash used in operating activities		**(648,157)**	(263,700)
Investing activities			
Payment for purchase of fixed assets		**(61,410)**	(31,578)
Proceeds from sale of fixed assets		**668**	4,332
Net cash (outflow)/inflow from acquisition of subsidiaries	20(c)	**(2,098,330)**	28,090
Proceeds from sale of available-for-sale investments		**10,088**	177,185
Payment for purchase of available-for-sale investments		**–**	(9,843)
Payment for acquisition of additional interests in subsidiaries		**–**	(1,221)
Interest received		**92,928**	96,166
Expenditure on development projects		**(46,504)**	(349,271)
Decrease/(increase) in restricted and pledged deposits		**68,157**	(42,031)
Capital contribution to joint ventures		**(6,305)**	(158,732)
Net cash used in investing activities		**(2,040,708)**	(286,903)
Financing activities			
Proceeds from new bank and other borrowings		**10,382,992**	5,061,720
Repayment of bank and other borrowings		**(4,507,898)**	(3,786,069)
Proceeds from loans from joint ventures		**1,215,271**	–
(Increase)/decrease in restricted and pledged deposits		**(3,452,409)**	506,151
Interest and other borrowing costs paid		**(1,119,525)**	(774,205)
Net cash inflow from disposal of a subsidiary	20(d)	**648,365**	–
Proceeds from disposal of partial interests in subsidiaries		**46,879**	4,921
Contributions from non-controlling shareholders		**345,776**	37,005
Proceeds from issuance of shares		**6,573**	3,625
Dividends paid to equity shareholders of the Company	26(b)	**(305,167)**	(300,499)
Net cash generated from financing activities		**3,260,857**	752,649
Net increase in cash and cash equivalents		**571,992**	202,046
Cash and cash equivalents at 1 January	20(a)	**4,901,251**	4,660,505
Effect of foreign exchange rate changes		**133,019**	38,700
Cash and cash equivalents at 31 December	20(a)	**5,606,262**	4,901,251

The notes on pages 96 to 169 form part of these financial statements.

1 General information

Top Spring International Holdings Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 23 March 2011 ("Listing Date").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development, property investment, hotel operations and provision of property management and related services in the People's Republic of China ("PRC").

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as "the Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provide information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Group and the Group's interest in joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 2(i)(i)); and

– derivative financial instruments (see note 2(h)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2 Significant accounting policies (Continued)

(b) Basis of preparation of the financial statements (Continued)

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 33.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

– HKFRS 10, *Consolidated financial statements*

– HKFRS 11, *Joint arrangements*

– HKFRS 12, *Disclosure of interests in other entities*

– HKFRS 13, *Fair value measurement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of these new or amended HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

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

HKFRS 11, *Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

2 Significant accounting policies (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 11, *Joint arrangements* (Continued)

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

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 14 and 15.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 13 and 27. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(o) or (p) depending on the nature of the liability.

2 Significant accounting policies (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(e)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 Significant accounting policies (Continued)

(e) Associates and joint ventures (Continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows:

Investments in securities are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(l)). Dividend income from equity securities are recognised in profit or loss in accordance with the policies set out in note 2(u)(v).

When the investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2 Significant accounting policies (Continued)

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Fixed assets

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(k)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(k).

(ii) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 2(j)) and impairment losses (see note 2(l)):

– hotel properties;

– other land and buildings; and

– furniture, fixtures and other fixed assets.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 Significant accounting policies (Continued)

(j) Depreciation of fixed assets

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Hotel properties

Depreciation is calculated to write off the cost of hotel properties using the straight-line method over their estimated useful lives of 3 to 30 years.

(iv) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciation on a straight-line basis over the unexpired terms of the respective leases or 25 years if shorter.

(v) Furniture, fixtures and other fixed assets

Depreciation is calculated to write off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 4 to 8 years.

Where parts of an item of furniture, fixtures and other fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(i)(i)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 Significant accounting policies (Continued)

(k) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(i)(i)) or is held for development for sale (see note 2(m)).

(l) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 Significant accounting policies (Continued)

(l) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease;

– goodwill; and

– investments in subsidiaries in the Company's balance sheet.

2 Significant accounting policies (Continued)

(l) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rule, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2 Significant accounting policies (Continued)

(m) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 2(w)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

(iv) Low value consumables and supplies

Cost is determined using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2 Significant accounting policies (Continued)

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(t)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(ii) Share-based payments

The fair values of share options and awarded shares granted to employees are recognised as employee costs with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using valuation techniques, taking into account the terms and conditions upon which the options and awarded shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options and awarded shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options and awarded shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option and awarded share is exercised (when it is transferred to the share premium account) or the option or awarded share expires (when it is released directly to retained profits).

2 Significant accounting policies (Continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(i)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 Significant accounting policies (Continued)

(s) Income tax (Continued)

Additional income tax that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantee issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 Significant accounting policies (Continued)

(t) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

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

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

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties and prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel operations

Income from hotel operations is recognised when services are provided.

(iv) Property management and related services income

Property management and related services income is recognised when services are provided.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 Significant accounting policies (Continued)

(u) Revenue recognition (Continued)

(vii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

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

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

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or the Group's parent.

2 Significant accounting policies (Continued)

(x) Related parties (Continued)

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

(vii) A person identified in (x)(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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Turnover

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2013 $'000	2012 $'000
Sale of properties	**5,336,316**	5,774,503
Rental income	**197,559**	129,234
Hotel operations	**66,538**	69,800
Property management and related services income	**146,115**	91,417
	5,746,528	6,064,954

4 Other revenue

	2013 $'000	2012 $'000
Bank interest income	**92,592**	96,113
Other interest income	**336**	53
Rental income from operating leases, other than those relating to investment properties	**9,355**	6,032
Government grant (Note)	**15,132**	23,786
Others	**7,053**	5,688
	124,468	131,672

Note: During the years ended 31 December 2012 and 2013, the Group received government subsidies from local government authorities as recognition of the Group's investments in the relevant districts in the PRC.

5 Other net income/(loss)

	2013 $'000	2012 $'000
Net gain on disposal of a subsidiary (note 20(d))	**186,640**	–
Gain on a bargain purchase from acquisition of a subsidiary (note 20(c))	**91,242**	–
Fair value change on derivative financial instruments	**45,436**	(31,795)
Net gain on early repayment of a secured other borrowing	**44,530**	–
Net exchange gain	**37,990**	10,908
Net gain/(loss) on disposal of fixed assets	**432**	(370)
Goodwill written off	**–**	(18,038)
Net gain on deemed disposal of associates	**–**	5,102
Net gain on sale of available-for-sale investments	**–**	8,632
Others	**(620)**	(2,804)
	405,650	(28,365)

6 Profit before taxation

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

(a) Finance costs

	2013 $'000	2012 $'000
Interest on bank and other borrowings wholly repayable:		
– within five years	**898,424**	640,659
– after five years	**104,665**	164,447
	1,003,089	805,106
Interest on loan from an associate	**–**	27,593
Interest on loans from joint ventures	**89,280**	–
Interest on amounts due to a non-controlling shareholder	**12,949**	18,358
Other borrowing costs	**58,955**	74,339
	1,164,273	925,396
Less: Amount capitalised (Note)	**(492,494)**	(254,481)
	671,779	670,915

Note: The borrowing costs have been capitalised at rates ranging from 6.15% to 10.3553% (2012: 6.40% to 8.61%) per annum for the year ended 31 December 2013.

6 Profit before taxation (Continued)

(b) Staff costs

	2013 $'000	2012 $'000
Salaries, wages and other benefits	**226,831**	226,791
Contributions to defined contribution retirement plans	**19,074**	14,792
Equity settled share-based payment expenses	**69,475**	68,925
	315,380	310,508

(c) Other items

	2013 $'000	2012 $'000
Depreciation and amortisation	**61,444**	44,110
Less: Amount capitalised	**(2,751)**	(531)
	58,693	43,579
Cost of properties sold	**3,194,810**	2,717,919
Rental income from investment properties (Note)	**(197,559)**	(129,234)
Less: Direct outgoings	**12,125**	4,434
	(185,434)	(124,800)
Provision on inventories	**16,085**	–
Auditors' remuneration		
– audit services	**5,762**	4,842
– other services	**5,124**	1,056
Operating lease charges:		
– minimum lease payments for land and buildings	**24,391**	10,844

Note: Included contingent rental income of $15,943,000 (2012: $14,060,000) for the year ended 31 December 2013.

7 Income tax

(a) Income tax in the consolidated income statement represents:

	2013 $'000	2012 $'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**370,692**	560,914
Provision for Land Appreciation Tax ("LAT")	**502,456**	782,606
Withholding tax	**55,881**	28,079
	929,029	1,371,599
Deferred tax		
Origination and reversal of temporary differences	**191,912**	44,146
	1,120,941	1,415,745

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2012 and 2013.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2013 (2012: 25%).

LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned in the PRC by a Hong Kong subsidiary and profit arising from the disposal of a subsidiary at the applicable tax rates.

7 Income tax (Continued)

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

	2013 $'000	2012 $'000
Profit before taxation	**2,482,781**	2,603,709
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	**601,234**	734,208
Effect of non-taxable income	**(14,544)**	(669)
Effect of non-deductible expenses	**27,434**	26,254
Effect of deemed interest income	**(6,827)**	(15,058)
Effect of prior years' unrecognised tax losses utilised	**(1,420)**	(59,593)
Effect of unrecognised temporary differences now utilised	**(18,386)**	(1,417)
Effect of unused tax losses and temporary differences not recognised	**65,851**	30,680
Withholding tax	**55,881**	28,079
Deferred tax effect on LAT provision	**(90,738)**	(109,345)
LAT	**502,456**	782,606
Actual income tax expense	**1,120,941**	1,415,745

7 Income tax (Continued)

(c) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation $'000	Unrealised gain on intra-group transactions $'000	Revaluation of properties $'000	Temporary differences on LAT provision $'000	Accruals $'000	Unused tax losses $'000	Fair value adjustment on business combination $'000	Others $'000	Total $'000
Deferred tax arising from:									
At 1 January 2012	24,119	(21,300)	309,792	(610,075)	(57,308)	(54,672)	1,531	32,948	(374,965)
Charged/(credited) to profit or loss	8,027	8,640	170,892	(109,345)	(2,695)	(31,837)	–	464	44,146
Exchange adjustments	276	(73)	4,277	(5,963)	(478)	(773)	12	263	(2,459)
At 31 December 2012 and 1 January 2013	32,422	(12,733)	484,961	(725,383)	(60,481)	(87,282)	1,543	33,675	(333,278)
Charged/(credited) to profit or loss	33,135	7,362	279,752	(90,738)	441	127	–	(38,167)	191,912
Acquisition of subsidiaries	–	–	–	–	–	–	821,024	–	821,024
Exchange adjustments	1,392	(257)	17,738	(21,882)	(1,711)	(2,477)	7,515	414	732
At 31 December 2013	66,949	(5,628)	782,451	(838,003)	(61,751)	(89,632)	830,082	(4,078)	680,390

	2013 $'000	2012 $'000
Net deferred tax assets recognised in the consolidated balance sheet	**(620,734)**	(853,492)
Net deferred tax liabilities recognised in the consolidated balance sheet	**1,301,124**	520,214
	680,390	(333,278)

7 Income tax (Continued)

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2013	2012
	$'000	$'000
Deductible temporary differences	**434,113**	348,235
Unused tax losses		
– Hong Kong (Note (i))	**3,008**	3,008
– PRC (Note (ii))	**214,960**	116,658
	652,081	467,901

Notes:

(i) The unused tax losses do not expire under the current tax legislation.

(ii) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. The unused tax losses expired between 2014 and 2018.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

(e) Deferred tax liabilities not recognised:

The Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for profits generated beginning on 1 January 2008 and undistributed profits generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-Hong Kong tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The Group did not provide for deferred tax liabilities on profits generated by certain of its PRC subsidiaries after 1 January 2008 amounting to $88,440,000 (2012: $91,429,000) since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

8 Directors' remuneration

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

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2013 Total $'000
Executive directors							
WONG Chun Hong	–	7,359	5,875	52	13,286	340	13,626
LI Yan Jie	–	2,471	3,813	47	6,331	699	7,030
LEE Sai Kai David	–	2,766	4,670	15	7,451	102	7,553
LAM Jim	–	2,661	3,024	15	5,700	9,740	15,440
WANG Tian Ye (resigned on 1 November 2013)	–	2,124	–	13	2,137	299	2,436
CHEN Feng Yang (appointed on 1 June 2013)	–	1,475	6,380	27	7,882	4,269	12,151
Non-executive directors							
McCABE Kevin Charles (resigned on 1 June 2013)	50	–	–	–	50	42	92
THAM Qian (alternate director to McCABE Kevin Charles) (resigned on 1 June 2013)	290	–	–	6	296	914	1,210
Independent non-executive directors							
BROOKE Charles Nicholas	494	–	–	–	494	102	596
CHENG Yuk Wo	258	–	–	–	258	102	360
WU Si Zong	271	–	–	–	271	102	373
	1,363	18,856	23,762	175	44,156	16,711	60,867

8 Directors' remuneration (Continued)

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2012 Total $'000
Executive directors							
WONG Chun Hong	–	6,971	5,925	34	12,930	175	13,105
LI Yan Jie	–	2,359	3,774	34	6,167	53	6,220
LEE Sai Kai David	–	2,614	4,235	13	6,862	53	6,915
LAM Jim	–	2,178	2,934	13	5,125	9,575	14,700
WANG Tian Ye (appointed on 1 September 2012)	–	947	1,968	4	2,919	–	2,919
Non-executive directors							
McCABE Kevin Charles	120	–	–	–	120	53	173
THAM Qian (alternate director to McCABE Kevin Charles)	552	–	–	13	565	1,097	1,662
LI Zhi Zheng (resigned on 1 September 2012)	400	–	–	–	400	53	453
ZHANG Yi Jun (resigned on 17 December 2012)	576	–	–	–	576	48	624
Independent non-executive directors							
BROOKE Charles Nicholas	480	–	–	–	480	53	533
CHENG Yuk Wo	249	–	–	–	249	53	302
WU Si Zong	255	–	–	–	255	53	308
	2,632	15,069	18,836	111	36,648	11,266	47,914

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 25.

9 Individuals with highest emoluments

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, four (2012: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2013 **$'000**	2012 $'000
Salaries, allowances and benefits in kind	**1,189**	3,834
Discretionary bonuses	**3,551**	12,359
Share-based payments	**3,240**	13,380
Retirement scheme contributions	**69**	140
	8,049	29,713

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2013 **Number of individuals**	2012 Number of individuals
$7,000,001 – $7,500,000	**–**	1
$8,000,001 – $8,500,000	**1**	1
$14,000,001 – $14,500,000	**–**	1

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 8 and 9(a), the emoluments of the remaining senior management fell within the following bands:

	2013 **Number of individuals**	2012 Number of individuals
$1,500,001 – $2,000,000	**1**	2
$2,000,001 – $2,500,000	**–**	1
$3,000,001 – $3,500,000	**1**	1
$3,500,001 – $4,000,000	**1**	–
$4,500,001 – $5,000,000	**–**	1
$5,500,001 – $6,000,000	**1**	–

10 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of $102,789,000 (2012: profit of $583,496,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company and holders of PCSs are set out in note 26(b).

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $1,284,458,000 (2012: $1,199,841,000) and the weighted average number of 1,405,474,000 shares (2012 (restated): 1,401,796,000 shares) in issue during the year, calculated as follows:

	2013 '000	2012 '000 (restated)
Weighted average number of shares		
Issued ordinary shares	**1,001,868**	1,000,414
Effect of share options exercised (note 26(c)(i))	**1,787**	869
Effect of bonus issue of shares (with PCSs as an alternative) (note 26(c)(ii))	**401,819**	400,513
Weighted average number of shares	**1,405,474**	1,401,796

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of $1,284,458,000 (2012: $1,199,841,000) and the weighted average number of 1,429,174,000 shares (2012 (restated): 1,406,360,000 shares) in issue during the year, calculated as follows:

	2013 '000	2012 '000 (restated)
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,405,474**	1,401,796
Effect of deemed issue of shares under the Company's share options scheme for nil consideration (note 25)	**23,700**	4,564
Weighted average number of shares (diluted)	**1,429,174**	1,406,360

12 Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development: this segment develops and sells residential properties and shops within the shopping arcades.
- Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.
- Hotel operations: this segment operates hotels to provide hotel services to general public.
- Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential properties and shopping arcades.

(a) Segment results, assets and liabilities

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

Segments assets include all tangible, non-current and current assets with the exception of interest in joint ventures, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation". To arrive at "adjusted EBITDA" the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, valuation changes on investment properties and additions to non-current segment assets used by the segments in their operations.

12 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

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

2012

	Property development $'000	Property investment $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	5,774,503	129,234	69,800	91,417	6,064,954
Inter-segment revenue	–	14,402	–	152,103	166,505
Reportable segment revenue	5,774,503	143,636	69,800	243,520	6,231,459
Reportable segment profit/(loss) (adjusted EBITDA)	2,615,424	95,606	(2,120)	(21,866)	2,687,044
Interest income from bank deposits	80,093	1,232	–	1,146	82,471
Interest expense	(637,373)	(20,076)	–	(1,977)	(659,426)
Depreciation and amortisation for the year	(11,416)	(545)	(17,998)	(587)	(30,546)
Valuation gains on investment properties	–	683,567	–	–	683,567
Reportable segment assets	18,597,550	4,389,190	335,237	326,404	23,648,381
Additions to non-current segment assets during the year	29,345	568,448	1,005	10,632	609,430
Reportable segment liabilities	(14,766,076)	(331,950)	–	(84,017)	(15,182,043)

12 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

2013

	Property development $'000	Property investment $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	5,336,316	197,559	66,538	146,115	5,746,528
Inter-segment revenue	–	26,965	–	166,844	193,809
Reportable segment revenue	5,336,316	224,524	66,538	312,959	5,940,337
Reportable segment profit/(loss) (adjusted EBITDA)	1,680,689	160,778	(3,171)	(88,274)	1,750,022
Interest income from bank deposits	87,001	1,332	–	2,782	91,115
Interest expense	(637,785)	(10,047)	–	(23,947)	(671,779)
Depreciation and amortisation for the year	(33,247)	(961)	(22,917)	(1,095)	(58,220)
Valuation gains on investment properties	–	1,117,664	–	–	1,117,664
Reportable segment assets	27,833,291	9,448,108	323,237	233,576	37,838,212
Additions to non-current segment assets during the year	46,753	3,783,673	6,325	7,280	3,844,031
Reportable segment liabilities	(24,505,402)	(1,490,224)	–	(186,490)	(26,182,116)

12 Segment reporting (Continued)

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

	2013 $'000	2012 $'000
Revenue		
Reportable segment revenue	**5,940,337**	6,231,459
Elimination of inter-segment revenue	**(193,809)**	(166,505)
Consolidated turnover (note 3)	**5,746,528**	6,064,954
Profit		
Reportable segment profit derived from Group's external customers	**1,750,022**	2,687,044
Share of profits less losses of associates	**–**	4,826
Share of losses of joint ventures	**(5,017)**	–
Other revenue and net income/(loss)	**530,118**	103,307
Depreciation and amortisation	**(58,693)**	(43,579)
Finance costs	**(671,779)**	(670,915)
Valuation gains on investment properties	**1,117,664**	683,567
Unallocated head office and corporate expenses	**(179,534)**	(160,541)
Consolidated profit before taxation	**2,482,781**	2,603,709
Assets		
Reportable segment assets	**37,838,212**	23,648,381
Interest in joint ventures	**166,238**	160,378
Other financial assets	**33,469**	42,494
Tax recoverable	**43,929**	–
Deferred tax assets	**620,734**	853,492
Unallocated head office and corporate assets	**56,743**	225,159
Consolidated total assets	**38,759,325**	24,929,904
Liabilities		
Reportable segment liabilities	**(26,182,116)**	(15,182,043)
Tax payable	**(4,872,872)**	(4,512,217)
Deferred tax liabilities	**(1,301,124)**	(520,214)
Derivative financial instruments	**–**	(45,436)
Unallocated head office and corporate liabilities	**(128,129)**	(90,690)
Consolidated total liabilities	**(32,484,241)**	(20,350,600)

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

13 Fixed assets

(a) The Group

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2012	2,625,864	316,353	2,942,217	460,541	60,892	99,397	620,830	31,692	3,594,739
Exchange adjustments	37,532	(935)	36,597	3,348	571	1,027	4,946	251	41,794
Additions	8,163	341,108	349,271	1,005	–	30,573	31,578	–	380,849
Acquisition of subsidiaries	–	–	–	–	–	797	797	–	797
Reclassification	656,526	(656,526)	–	–	–	–	–	–	–
Transfer from inventories	219,165	–	219,165	–	8,637	–	8,637	–	227,802
Cost adjustment (Note)	–	–	–	(25,059)	–	–	(25,059)	–	(25,059)
Disposals	–	–	–	–	–	(6,610)	(6,610)	–	(6,610)
Surplus on revaluation	683,567	–	683,567	–	–	–	–	–	683,567
At 31 December 2012	4,230,817	–	4,230,817	439,835	70,100	125,184	635,119	31,943	4,897,879
Representing:									
Cost	–	–	–	439,835	70,100	125,184	635,119	31,943	667,062
Valuation	4,230,817	–	4,230,817	–	–	–	–	–	4,230,817
	4,230,817	–	4,230,817	439,835	70,100	125,184	635,119	31,943	4,897,879
Accumulated amortisation and depreciation:									
At 1 January 2012	–	–	–	85,734	11,081	44,473	141,288	2,575	143,863
Exchange adjustments	–	–	–	866	117	565	1,548	28	1,576
Charge for the year	–	–	–	17,998	2,778	22,827	43,603	507	44,110
Written back on disposals	–	–	–	–	–	(1,908)	(1,908)	–	(1,908)
At 31 December 2012	–	–	–	104,598	13,976	65,957	184,531	3,110	187,641
Net book value:									
At 31 December 2012	4,230,817	–	4,230,817	335,237	56,124	59,227	450,588	28,833	4,710,238

13 Fixed assets (Continued)

(a) The Group (Continued)

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2013	4,230,817	–	4,230,817	439,835	70,100	125,184	635,119	31,943	4,897,879
Exchange adjustments	157,118	17,006	174,124	12,388	2,172	4,395	18,955	398	193,477
Additions	–	46,504	46,504	6,325	2,509	52,576	61,410	–	107,914
Acquisition of subsidiaries	3,041,054	–	3,041,054	–	–	603	603	–	3,041,657
Reduction through disposal of a subsidiary	–	–	–	–	–	(211)	(211)	(25,326)	(25,537)
Reclassification	–	–	–	(13,345)	–	13,345	–	–	–
Transfer from inventories	101,993	583,150	685,143	–	10,296	–	10,296	–	695,439
Disposals	–	–	–	–	–	(2,373)	(2,373)	–	(2,373)
Surplus on revaluation	549,335	568,329	1,117,664	–	–	–	–	–	1,117,664
At 31 December 2013	8,080,317	1,214,989	9,295,306	445,203	85,077	193,519	723,799	7,015	10,026,120
Representing:									
Cost	–	–	–	445,203	85,077	193,519	723,799	7,015	730,814
Valuation	8,080,317	1,214,989	9,295,306	–	–	–	–	–	9,295,306
	8,080,317	1,214,989	9,295,306	445,203	85,077	193,519	723,799	7,015	10,026,120
Accumulated amortisation and depreciation:									
At 1 January 2013	–	–	–	104,598	13,976	65,957	184,531	3,110	187,641
Exchange adjustments	–	–	–	3,171	492	2,388	6,051	69	6,120
Charge for the year	–	–	–	22,917	6,677	31,498	61,092	352	61,444
Written back on disposal of a subsidiary	–	–	–	–	–	(93)	(93)	(1,217)	(1,310)
Written back on disposals	–	–	–	–	–	(2,137)	(2,137)	–	(2,137)
Reclassification	–	–	–	(8,720)	–	8,720	–	–	–
At 31 December 2013	–	–	–	121,966	21,145	106,333	249,444	2,314	251,758
Net book value:									
At 31 December 2013	8,080,317	1,214,989	9,295,306	323,237	63,932	87,186	474,355	4,701	9,774,362

Note: Cost adjustment in 2012 represents the finalisation of the development costs with contractors in respect of properties completed in prior years.

13 Fixed assets (Continued)

(b) The Company

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 1 January 2012 and 31 December 2012	1,582
Accumulated depreciation:	
At 1 January 2012	474
Charge for the year	316
At 31 December 2012	790
Net book value:	
At 31 December 2012	792

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 1 January 2013 and 31 December 2013	**1,582**
Accumulated depreciation:	
At 1 January 2013	**790**
Charge for the year	**317**
At 31 December 2013	**1,107**
Net book value:	
At 31 December 2013	**475**

13 Fixed assets (Continued)

(c) Fair value measurement of investment properties and investment properties under development

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties under development measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2013	Fair value measurements as at 31 December 2013 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Group				
Recurring fair value measurement				
Investment properties and investment properties under development	**9,295,306**	**–**	**–**	**9,295,306**

During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties and investment properties under development were revalued as at 31 December 2013. The valuations were carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on a market value basis. Management of the Group has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets (Continued)

(c) Fair value measurement of investment properties and investment properties under development (Continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range	Weighted average
Investment properties	Income capitalisation method	Expected market rental (RMB/sq.m./month)	RMB32 to RMB560	RMB124
		Capitalisation rate	4.0% to 8.5%	5.6%
Investment properties under development	Residual method	Expected market rental (RMB/sq.m./month)	RMB100 to RMB251	RMB202
		Capitalisation rate	6.25% to 6.75%	6.5%
		Profit margin	–	8%
	Direct comparison method	Average market price (RMB/sq.m.)	–	RMB4,950

The fair value of investment properties is determined using the income capitalisation method by capitalising the net rental income allowing for the reversionary income potential of the properties. The valuation takes into account expected market rental of the properties. The capitalisation rates used have been adjusted for the quality and location of the buildings and the tenant quality. The fair value measurement is positively correlated to the expected market rental, and negatively correlated to the capitalisation rate.

The fair value of investment properties under development is determined using the residual method or direct comparison method by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin, or by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. The fair value measurement of investment properties under development is positively correlated to the expected market rental and average market price, and negatively correlated to the capitalisation rate, estimated profit margin and costs to completion.

13 Fixed assets (Continued)

(c) Fair value measurement of investment properties and investment properties under development (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the year ended 31 December 2013 in the balances of these Level 3 fair value measurements are as follows:

	Investment properties and investment properties under development $'000
At 1 January 2013	**4,230,817**
Exchange adjustments	**174,124**
Additions	**46,504**
Acquisition of subsidiaries	**3,041,054**
Transfer from inventories	**685,143**
Surplus on revaluation	**1,117,664**
At 31 December 2013	**9,295,306**

Fair value adjustment of investment properties and investment properties under development is recognised in the line item "valuation gains on investment properties" on the face of the consolidated income statement.

(d) The analysis of net book value of the properties is as follows:

	2013 $'000	2012 $'000
In the PRC		
– under long leases	**5,120,859**	1,386,643
– under medium-term leases	**4,566,317**	3,264,368
	9,687,716	4,651,011

13 Fixed assets (Continued)

(e) Fixed assets leased out under operating leases

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2013 **$'000**	2012 $'000
Within 1 year	**244,679**	176,685
After 1 year but within 5 years	**523,025**	492,887
After 5 years	**745,172**	756,343
	1,512,876	1,425,915

(f) The Group's certain investment properties, hotel properties and other land and buildings were pledged against bank loans, details of which are set out in note 22.

14 Investments in subsidiaries

	The Company	
	2013 **$'000**	2012 $'000
Unlisted shares, at cost	**12**	12
Capital contribution	**186,816**	114,438
	186,828	114,450

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investments in subsidiaries (Continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Top Spring Real Estate (Shenzhen) Co., Ltd. (萊蒙房地產(深圳)有限公司)	PRC#	$320,000,000	100%	–	100%	Property development and investment
Shenzhen Top Spring Business Management Co., Ltd. (深圳市萊蒙商業管理有限公司)	PRC□	RMB20,000,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Property Services Co., Ltd. (常州市萊蒙物業服務有限公司)	PRC□	RMB5,000,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Business Management Co., Ltd. (常州萊蒙商業管理有限公司)	PRC□	RMB500,000	100%	–	100%	Provision of property management and related services
Hangzhou Top Spring Business Management Co., Ltd. (杭州萊蒙商業管理有限公司)	PRC□	RMB500,000	100%	–	100%	Provision of property management and related services
Shenzhen Top Spring Investment Holding Company (深圳萊蒙投資控股有限公司)	PRC□	RMB100,000,000	100%	–	100%	Investment holding
Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司)	PRC□	RMB340,100,000	100%	–	100%	Investment holding, property development and investment
Changzhou Top Spring Water Flower Property Development Co., Ltd. (常州萊蒙水榭花都房地產開發有限公司)	PRCΔ	US$90,000,000	100%	–	100%	Property development and investment
Shenzhen City Hua Long Property Development Co., Ltd. (深圳市華龍房地產開發有限公司)	PRC□	RMB50,000,000	100%	–	100%	Property development and investment
Dongguan SZITIC Property Development Co., Ltd. (東莞市深國投房地產開發有限公司)	PRC□	RMB20,000,000	100%	–	100%	Property development and investment
Shenzhen Water Flower Property Co., Ltd. (深圳市水榭花都房地產有限公司)	PRC□	RMB331,384,021	100%	–	100%	Property development and investment
Changzhou Top Spring Landmark Real Estate Co., Ltd. (常州萊蒙都會置業有限公司)	PRC#	US$60,000,000	100%	–	100%	Property development and investment
Top Spring Realty (Chengdu) Co., Ltd. (萊蒙置業(成都)有限公司)	PRC#	US$18,750,000	100%	–	100%	Property development and investment

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investments in subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Top Spring International (Yuhang) Landmark Co., Ltd. (萊蒙國際(余杭)置業有限公司)	PRC[#]	US$10,000,000	100%	–	100%	Property development and investment
Shenzhen Top Spring Property Services Co., Ltd. (深圳市萊蒙物業服務有限公司)	PRC[□]	RMB3,000,000	100%	–	100%	Provision of property management service
Top Spring Landmark (Fuyang) Co., Ltd. (萊蒙置業(富陽)有限公司)	PRC[Δ]	US$221,480,000	100%	–	100%	Property development and investment
Shenzhen New Top Spring Investment Fund Management Company Limited (深圳新萊源投資基金有限公司) (formerly known as Shenzhen Prosperity Top Spring Investment Fund Management Company Limited) (深圳華盛萊蒙投資基金管理有限公司)	PRC[□]	RMB10,000,000	60%	–	60%	Investment holding and provision of investment management services
Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司)	PRC[□]	RMB50,000,000	58%	–	58%	Property development and investment
Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司)	PRC[□]	RMB100,000,000	58%	–	58%	Property development and investment
Tianjin Jin Jun Investment Development Co., Ltd. (天津津俊投資發展有限公司)	PRC[□]	RMB50,000,000	58%	–	58%	Property development and investment
Nanjing Top Spring Real Estate Co., Ltd. (南京萊蒙置業有限公司)	PRC[□]	RMB300,000,000	100%	–	100%	Property development and investment
Nanchang Top Spring Real Estate Co., Ltd. (南昌萊蒙置業有限公司)	PRC[Δ]	RMB800,000,000	70%	–	70%	Property development and investment
Huidong Lai Yian Tian Property Development Co., Ltd. (惠東縣萊洋天置業有限公司)	PRC[□]	RMB62,500,000	51%	–	51%	Property development and investment
MSREF Century Palace (Residential) Limited (摩根士丹利房地產基金世紀華庭(公寓)有限公司) (Note)	Hong Kong and PRC[□]	1 share of $1	70%	–	70%	Property investment
Shine Rise International Limited (尚揚國際有限公司)	BVI[□]	10 Shares of US$0.1 each	70%	–	70%	Investment holding

Note: An indirect subsidiary of the Company and not a member of the Morgan Stanley group of companies or any fund they manage.

[#] Wholly foreign-owned enterprise

[Δ] Sino-foreign equity joint venture

[□] Limited liability company

14 Investments in subsidiaries (Continued)

The following table lists out the information relating to Nanchang Top Spring Real Estate Co., Ltd. (南昌萊蒙置業有限公司) and Shine Rise International Limited, subsidiaries of the Group which have material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Shine Rise International Limited 2013 $'000	Nanchang Top Spring Real Estate Co., Ltd. 2013 $'000
NCI percentage	30%	30%
Current assets	78,775	3,367,988
Non-current assets	3,070,075	1,153,000
Current liabilities	(1,032,690)	(2,435,599)
Non-current liabilities	(1,960,226)	(760,330)
Net assets	155,934	1,325,059
Carrying amount of NCI	46,780	397,518
Turnover	28,765	–
Profit for the year	104,394	297,683
Total comprehensive income	122,869	316,233
Profit allocated to NCI	–	94,870
Dividend paid to NCI	–	–
Cash flows from operating activities	10,914	(2,189,247)
Cash flows from investing activities	(2,098,522)	(15,890)
Cash flows from financing activities	2,157,529	3,229,293

15 Interest in joint ventures

	The Group 2013 $'000	2012 $'000
Share of net assets	166,238	160,378

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Interest in joint ventures (Continued)

Details of the Group's interest in joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Shenzhen Top Spring Hui Yu Investment Partnership (深圳萊蒙滙餘投資合伙企業(有限合伙))	Partnership	PRC	RMB126,666,665	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Li Investment Partnership (深圳萊蒙滙利投資合伙企業(有限合伙))	Partnership	PRC	RMB136,666,665	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Fu Investment Partnership (深圳萊蒙滙富投資合伙企業(有限合伙))	Partnership	PRC	RMB137,333,332	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Ying Investment Partnership (深圳萊蒙滙盈投資合伙企業(有限合伙))	Partnership	PRC	RMB134,666,665	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Da Investment Partnership (深圳萊蒙滙達投資合伙企業(有限合伙))	Partnership	PRC	RMB498,000,000	1%	–	1%	Equity investment and provision of investment consultancy services

All of the joint ventures are unlisted corporate entities whose quoted market prices are not available.

15 Interest in joint ventures (Continued)

Aggregate information of joint ventures that are not individually material:

	2013 $'000	2012 $'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**166,238**	160,378
Aggregate amounts of the Group's share of those joint ventures'		
Loss for the year	**(5,017)**	–
Other comprehensive income	**4,572**	–
Total comprehensive income	**(445)**	–

16 Other financial assets

	The Group	
	2013 $'000	2012 $'000
Available-for-sale investments, unlisted	**33,469**	42,494
Less: Non-current portion	**(33,469)**	(32,545)
Current portion	**–**	9,949

17 Inventories

	The Group	
	2013 $'000	2012 $'000
Property development		
Leasehold land held for development for sale	**–**	2,496,953
Properties under development for sale	**14,041,519**	7,534,587
Completed properties for sale	**1,835,352**	1,596,615
	15,876,871	11,628,155
Other operations		
Low value consumables and supplies	**523**	–
	15,877,394	11,628,155

17 Inventories (Continued)

(a) The analysis of carrying value of properties is as follows:

	The Group	
	2013	2012
	$'000	$'000
In the PRC		
– under long leases	**12,798,774**	10,084,487
– under medium-term leases	**3,078,097**	1,543,668
	15,876,871	11,628,155
Including:		
– Properties expected to be completed after more than one year	**9,906,271**	7,372,372

(b) The Group's certain properties under development for sale and completed properties for sale were pledged against bank loans and loan from a joint venture, details of which are set out in notes 22 and 23.

18 Trade and other receivables

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Debtors, prepayments and deposits (Notes (ii) and (iv))	**2,059,288**	1,390,396	**28,447**	2,731
Amounts due from subsidiaries (Note (iii))	**–**	–	**3,835,171**	4,170,458
Amount due from a related company (Note (iii))	**–**	44,450	**–**	–
Amounts due from non-controlling shareholders (Note (iii))	**5**	85,322	**–**	–
	2,059,293	1,520,168	**3,863,618**	4,173,189

18 Trade and other receivables (Continued)

Notes:

(i) The Group's credit policy is set out in note 27(a).

(ii) The Group's balances at 31 December 2013 included deposits and prepayments for acquisition of land use rights of $1,523,366,000 (2012: $944,534,000).

(iii) The balances are unsecured, interest-free and recoverable on demand. The balances are neither past due nor impaired.

(iv) All of the Group's trade debtors were not impaired, of which 97% and 91% at 31 December 2012 and 2013 respectively was not past due or less than 1 year past due.

Receivables which were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(v) Ageing analysis
Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	2013 $'000	2012 $'000
Current or under 1 month overdue	**62,172**	26,041
More than 1 month overdue and up to 3 months overdue	**485**	2,026
More than 3 months overdue and up to 6 months overdue	**226**	2,417
More than 6 months overdue and up to 1 year overdue	**289**	698
More than 1 year overdue	**6,355**	955
	69,527	32,137

(vi) The Group's certain rental receivables were pledged against bank loans, details of which are set out in note 22.

19 Restricted and pledged deposits

	2013 $'000	2012 $'000
Restricted deposits (Note (i))	**50,293**	116,121
Pledged deposits (Note (ii))	**4,527,351**	997,607
	4,577,644	1,113,728
Less: Non-current portion (Note (ii))	**(1,407,161)**	(124,363)
Current portion	**3,170,483**	989,365

19 Restricted and pledged deposits (Continued)

Notes:

(i) In accordance with relevant construction contracts, certain of the Group's PRC subsidiaries with property development projects are required to place at designated bank accounts certain amount of deposits for potential default in payment of construction costs payables. Such guarantee deposits will be released after the settlement of the construction costs payables.

(ii) Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $3,120,190,000 (2012: $873,244,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $1,407,161,000 (2012: $124,363,000) have been pledged to secure long-term borrowings and banking facilities and are therefore classified as non-current assets.

The Group's certain bank deposits which were pledged as securities in respect of:

	2013 **$'000**	2012 $'000
Bank loan facilities	**3,754,008**	983,708
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**773,343**	13,899
	4,527,351	997,607

20 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	The Group		**The Company**	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
Cash at banks and in hand	**5,606,262**	4,901,251	**482,361**	238,327

At 31 December 2013, cash at banks and in hand included proceeds from the pre-sale of properties totalling RMB61,122,000 (equivalent to approximately $78,171,000) (2012: RMB97,670,000 (equivalent to approximately $121,465,000)) placed in designated bank accounts by certain of the Group's PRC subsidiaries in accordance with relevant documents issued by local government authorities. Such deposits can only be used for purchases of construction materials and the payments of construction fees of the relevant property development projects when approval from the designated bank is obtained. Such deposits will be released after the completion of the pre-sale of the relevant properties.

20 Cash and cash equivalents (Continued)

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

	Note	2013 $'000	2012 $'000
Profit before taxation		**2,482,781**	2,603,709
Adjustments for:			
Interest income	4	**(92,928)**	(96,166)
Finance costs	6(a)	**671,779**	670,915
Depreciation and amortisation	6(c)	**58,693**	43,579
Valuation gains on investment properties	13(a)	**(1,117,664)**	(683,567)
Provision on inventories	6(c)	**16,085**	–
Net (gain)/loss on sale of fixed assets	5	**(432)**	370
Net gain on sale of available-for-sale investments	5	**–**	(8,632)
Net gain on deemed disposal of associates	5	**–**	(5,102)
Net gain on disposal of a subsidiary	5	**(186,640)**	–
Net gain on early repayment of a secured other borrowing	5	**(44,530)**	–
Fair value change on derivative financial instruments	5	**(45,436)**	31,795
Equity settled share-based payment expenses	6(b)	**69,475**	68,925
Share of profits less losses of associates		**–**	(4,826)
Share of losses of joint ventures		**5,017**	–
Gain on a bargain purchase from acquisition of a subsidiary	5	**(91,242)**	–
Goodwill written off	5	**–**	18,038
Net foreign exchange (gain)/loss		**(1,046)**	9,607
Changes in working capital:			
Increase in inventories		**(4,333,969)**	(1,674,625)
Increase in trade and other receivables		**(482,863)**	(971,759)
Increase in trade and other payables		**3,182,813**	501,030
Cash generated from operations		**89,893**	503,291

(c) Acquisition of subsidiaries

(i) On 16 August 2013, the Group, through a wholly-owned subsidiary, entered into a share purchase agreement to purchase the entire issued share capital of SSCP Limited, which indirectly owns Shanghai Shama Century Park, for a total consideration of $2,157,645,000 from an independent third party. The transaction was completed on 27 September 2013 and SSCP Limited became a subsidiary of the Group accordingly.

(ii) On 25 July 2012, the Group, through a wholly-owned subsidiary, entered into agreements with independent third parties in relation to the acquisitions of equity interests in Shenzhen Prosperity Top Spring Investment Fund Management Company Limited ("Shenzhen PTi Fund Management") for a total consideration of $7,735,000 and its effective interest in Shenzhen PTi Fund Management was increased from 40% to 100%. Following the acquisitions, the Group obtained the control over Shenzhen PTi Fund Management and Tianjin Top Spring Tian Gui Equity Investment Funds Partnership ("Tianjin Top Spring Tian Gui") and therefore they were accounted for as subsidiaries of the Group.

20 Cash and cash equivalents (Continued)

(c) Acquisition of subsidiaries (Continued)

The fair value of the assets acquired and the liabilities assumed were as follows:

	2013 $'000	2012 $'000
Investment properties	**3,041,054**	–
Other fixed assets	**603**	797
Inventories	**451**	–
Trade and other receivables	**6,419**	6,871
Amounts due from group companies	**–**	282,458
Tax recoverable	**2,632**	–
Cash and cash equivalents	**59,315**	35,825
Trade and other payables	**(40,563)**	(1,065)
Amounts due to group companies	**–**	(10,081)
Bank and other borrowings	**–**	(232,649)
Deferred tax liabilities	**(821,024)**	–
Net assets	**2,248,887**	82,156
Gain on bargain purchase	**(91,242)**	–
Goodwill	**–**	18,038
Less: Share of net assets by the Group immediately before the acquisition	**–**	(92,459)
Considerations paid in cash	**2,157,645**	7,735

Analysis of net cash (outflow)/inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2013 $'000	2012 $'000
Cash considerations paid	**(2,157,645)**	(7,735)
Cash acquired	**59,315**	35,825
	(2,098,330)	28,090

20 Cash and cash equivalents (Continued)

(d) Disposal of a subsidiary

On 3 May 2013, the Group disposed of all of the issued shares of and shareholder's loan owing by Top Spring International (Taihu Bay) Development Limited, a wholly-owned subsidiary of the Company, to an independent third party for a total consideration of $685,253,000.

(i) Net assets disposed of:

	2013 $'000
Other fixed assets	24,227
Inventories	470,028
Trade and other receivables	260
Cash and cash equivalents	36,888
Trade and other payables	(32,790)
Net assets	498,613
Net gain on disposal (note 5)	186,640
	685,253
Satisfied by:	
Cash	685,253

(ii) Analysis of net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	2013 $'000
Cash consideration received	685,253
Cash disposed of	(36,888)
	648,365

20 Cash and cash equivalents (Continued)

(e) Transactions with non-controlling interests

During the year, the Group completed several transactions with non-controlling interests as follows:

In July 2013, the Group disposed of its 49% equity interest in Huidong Lai Yang Tian Property Development Co., Ltd. ("Huidong Lai Yang Tian"), a wholly-owned subsidiary, to the Group's joint ventures at a consideration of $38,620,000. The carrying amount of the interest in Huidong Lai Yang Tian being disposed of was $28,032,000 on the date of disposal. The effect of the transaction is summarised as follows:

	2013 $'000
Consideration received from non-controlling interests	**38,620**
Increase in non-controlling interests	**(28,032)**
Excess of consideration received recognised in equity	**10,588**

In December 2013, the Group disposed of its 30% equity interest in Shine Rise International Limited ("Shine Rise"), a wholly-owned subsidiary, to Firewave Management Limited, a wholly-owned subsidiary of Metro Holdings Limited, at a consideration of $8,259,000. The carrying amount of the interest in Shine Rise being disposed of was $45,713,000 on the date of disposal. The effect of the transaction is summarised as follows:

	2013 $'000
Consideration received from non-controlling interests	**8,259**
Increase in non-controlling interests	**(45,713)**
Deficit of consideration received recognised in equity	**(37,454)**

(f) Significant non-cash transactions

The Group incurred payables of $259,645,000 (2012: $637,037,000) to contractors for additions of properties under development during the year ended 31 December 2013.

21 Trade and other payables

	The Group 2013 $'000	The Group 2012 $'000	The Company 2013 $'000	The Company 2012 $'000
Creditors and accrued charges (Note (i))	**3,188,183**	2,863,200	**15,592**	61,087
Rental and other deposits	**124,820**	81,734	**–**	–
Receipts in advance	**6,183,858**	3,223,223	**–**	–
Amounts due to subsidiaries (Note (ii))	**–**	–	**2,492,859**	1,809,659
Amounts due to non-controlling shareholders (Note (iii))	**514,693**	222,607	**–**	–
Amount due to a related company (Note (ii))	**14,708**	–	**–**	–
	10,026,262	6,390,764	**2,508,451**	1,870,746

Notes:

(i) All of the Group's trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand except for an amount of $461,121,000 (2012: $374,632,000) which is expected to be settled after more than one year.

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

(iii) Apart from the amount due to a non-controlling shareholder of $299,204,000 (2012: $Nil) which is interest-free, all of the balances are unsecured, interest-bearing at 10% above the 1-year RMB benchmark lending rate as determined by the People's Bank of China and repayable within one year.

(iv) Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	2013 $'000	2012 $'000
Due within 1 month or on demand	**726,454**	1,149,858
Due after 1 month but within 3 months	**58,894**	1,077
Due after 3 months but within 6 months	**797,439**	165,194
Due after 6 months but within 1 year	**275,850**	369,494
Due after 1 year	**461,121**	374,632
	2,319,758	2,060,255

22 Bank and other borrowings

At 31 December 2013, the bank and other borrowings were analysed as follows:

	The Group 2013 $'000	2012 $'000	The Company 2013 $'000	2012 $'000
Bank loans				
– Secured	**13,920,393**	6,771,863	**–**	–
– Unsecured	**166,262**	335,779	**–**	–
	14,086,655	7,107,642	**–**	–
Other borrowings				
– Secured	**463,346**	1,343,521	**–**	387,330
– Unsecured	**510,295**	430,806	**287,761**	186,544
	973,641	1,774,327	**287,761**	573,874
	15,060,296	8,881,969	**287,761**	573,874

At 31 December 2013, bank and other borrowings were repayable as follows:

	The Group 2013 $'000	2012 $'000	The Company 2013 $'000	2012 $'000
Within 1 year or on demand and included in current liabilities	**9,070,702**	3,293,358	**–**	–
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	**2,162,144**	1,700,738	**–**	387,330
After 2 years but within 5 years	**2,976,958**	1,643,128	**287,761**	186,544
After 5 years	**850,492**	2,244,745	**–**	–
	5,989,594	5,588,611	**287,761**	573,874
	15,060,296	8,881,969	**287,761**	573,874

22 Bank and other borrowings (Continued)

Notes:

(i) At 31 December 2013, the bank loans bore interest ranging from 2.39% to 9.85% (2012: 4.07% to 8.61%) per annum and were secured by the following assets:

	2013 $'000	2012 $'000
Investment properties	**7,880,803**	3,015,794
Hotel properties	**323,237**	335,237
Other land and buildings	**36,492**	18,750
Properties under development for sale	**8,858,578**	5,355,179
Completed properties for sale	**940,043**	–
Pledged deposits	**3,754,008**	983,708
Rental receivables	**7,658**	–
Total	**21,800,819**	9,708,668

(ii) At 31 December 2013, the secured other borrowings were from an independent third party, interest-bearing at 18.07% per annum and secured by equity interest in a subsidiary within the Group.

Included in the unsecured other borrowings at 31 December 2013 was a loan of $287,761,000 (2012: $186,544,000) from a related company. The loan is interest-bearing at 10% per annum and repayable in 2016.

Included in the unsecured other borrowings at 31 December 2013 were contributions of $222,535,000 (2012: $244,262,000) from limited partners of Tianjin Top Spring Tian Gui. Based on the terms of the partnership agreement, the Group has a contractual obligation to deliver profits to those limited partners. The contributions have been recognised in accordance with the accounting policy set out in note 2(o) and accordingly distributions thereon are recognised on an accrual basis in profit or loss as part of finance costs. The effective interest rate of the contributions is 12.50% per annum and the contributions are expected to be repayable within one year.

(iii) The Group's secured other borrowings are subject to the fulfilment of covenants relating to certain financial ratios requirement. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 27(b). At 31 December 2013, none of the covenants relating to drawn down facilities had been breached.

23 Loans from joint ventures

At 31 December 2013, the loans from joint ventures represented entrusted loans. The loans were secured by the Group's properties under development for sale or equity interest in a subsidiary within the Group, interest-bearing at 9.0535% or 10.3553% per annum and repayable in 2015.

24 Derivative financial instruments

Derivative financial instruments arising from other borrowings were derecognised during the year ended 31 December 2013 upon repayment of the relevant borrowings. At 31 December 2012, the estimate of the fair value of the derivative financial instruments was measured based on a binomial model.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Equity settled share-based transactions

(a) Pre-IPO Share Option Scheme

The Company has a Pre-IPO Share Option Scheme whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of $1.00 per grant to subscribe for shares of the Company. On 3 December 2010, a total number of 34,371,667 share options were granted under the Pre-IPO Share Option Scheme. The options will fully vest after three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are then exercisable within a period of 10 years from the date of grant. The exercise price per share is $2.492, being 40% of the price of IPO of shares of the Company. Upon completion of the bonus issue (see note 26(c)(ii)), the exercise price per share was adjusted to $1.780. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to a director:			
– on 3 December 2010	1,166,667	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Options granted to senior management and employees:			
– on 3 December 2010	33,205,000	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Total share options granted	34,371,667		

25 Equity settled share-based transactions (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

(ii) The number and weighted average exercise price of share options are as follows:

	2013 Number of options '000	2012 Number of options '000
Outstanding at the beginning of the year	**27,322**	31,863
Exercised during the year	**(3,069)**	(1,454)
Forfeited during the year	**(3,271)**	(3,087)
Adjustment for bonus issue (note 26(c)(ii))	**9,479**	–
Outstanding at the end of the year	**30,461**	27,322
Exercisable at the end of the year	**17,984**	7,987

No share options under the Pre-IPO Share Option Scheme were granted during the years ended 31 December 2012 and 2013.

The weighted average share price at the date of exercise for shares options exercised during the year ended 31 December 2013 was $4.42 (2012: $3.38).

The share options outstanding at 31 December 2013 had a weighted average exercise price of $1.780 (2012: $2.492) and a weighted average remaining contractual life of 6.9 (2012: 7.9) years.

(b) Pre-IPO Share Award Scheme

Under the Pre-IPO Share Award Scheme, a total number of 6,452,000 (after capitalisation issue) shares of the Company was awarded to certain employees of the Group as a means of recognising their contributions to the early development of the Group and aligning their interests with the shareholders of the Company. The eligible employees received an offer to be granted by the awarded shares at nil consideration but subject to a six-month lock-up period. The awarded shares will fully vest after three years from the date of award and are valid and effective for unlimited period unless a triggering event has arisen upon the occurrence of certain events. The shares awarded by the Company will be settled with the shares (after capitalisation issue) held by the Share Award Trust.

No shares were awarded under the Pre-IPO Share Award Scheme during the years ended 31 December 2012 and 2013.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	**Vesting conditions**
Shares awarded to employees:		
– on 3 December 2010	6,452,000	One year (30%), two years (60%) and three years (100%) from the date of award

25 Equity settled share-based transactions (Continued)

(b) Pre-IPO Share Award Scheme (Continued)

(ii) The number of outstanding awarded shares are as follows:

	2013 Number of awarded shares '000	2012 Number of awarded shares '000
Outstanding at the beginning of the year	**5,384**	5,992
Forfeited during the year	**(328)**	(608)
Adjustment for bonus issue (note 26(c)(ii))	**2,067**	–
Outstanding at the end of the year	**7,123**	5,384

(c) Post-IPO Share Option Scheme

The Company has a Post-IPO Share Option Scheme which was to recognise and acknowledge the contributions that the employees and directors have made or may make to the Group.

An option under the Post-IPO Share Option Scheme may be exercised in accordance with the terms of the share option scheme at any time during a period as determined by the directors of the Company, which must not be more than 10 years from the date of grant.

On 20 June 2013, 14,000,000 (2012: 15,720,000) share options were granted at a consideration of $1.00 (2012: $1.00) per grant paid by the employees of the Company under the Post-IPO Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of $0.10 each of the Company. These share options will fully vest after three years from the date of grant, and then be exercisable until 2023. The exercise price is $4.14 (2012: $3.17), being the weighted average closing price of the Company's ordinary shares immediately before the grant. Upon completion of the bonus issue (see note 26(c)(ii)), the exercise price of the Post-IPO share options granted in 2012 was adjusted to $2.264.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	**Vesting conditions**	**Contractual life of options**
Options granted to directors:			
– on 26 June 2012	4,400,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
– on 20 June 2013	5,700,000		
Options granted to senior management and employees:			
– on 26 June 2012	11,320,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
– on 20 June 2013	8,300,000		
Total share options granted	29,720,000		

25 Equity settled share-based transactions (Continued)

(c) Post-IPO Share Option Scheme (Continued)

(ii) The number and weighted average exercise price of share options are as follows:

	2013 Number of options '000	2012 Number of options '000
Outstanding at the beginning of the year	**15,420**	–
Granted during the year	**14,000**	15,720
Forfeited during the year	**(3,788)**	(300)
Adjustment for bonus issue (note 26(c)(ii))	**5,808**	–
Outstanding at the end of the year	**31,440**	15,420
Exercisable at the end of the year	**5,887**	–

No share options under the Post-IPO Share Option Scheme were exercised during the year ended 31 December 2012 and 2013.

The share options outstanding at 31 December 2013 had a weighted average exercise price of $3.20 (2012: $3.17) and a weighted average remaining contractual life of 8.9 years (2012: 9.5 years).

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

	2013	2012
Fair value at measurement date	**$1.28**	$1.02
Share price	**$4.14**	$3.15
Exercise price	**$4.14**	$3.17
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	**49.6%**	51.0%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	**10 years**	10 years
Expected dividends	**6.94%**	6.00%
Risk-free interest rate	**2.124%**	1.024%

The expected volatility is based on the price volatility of the shares of comparable companies which are listed and publicly traded in the Stock Exchange over the most recent period. Expected dividends are derived based on expected dividend payout ratio of the Company.

25 Equity settled share-based transactions (Continued)

(c) Post-IPO Share Option Scheme (Continued)

(iii) Fair value of share options and assumptions (Continued)

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

26 Capital, reserves and dividends

(a) Movements in components of equity

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

	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2012	100,041	1,394,202	–	83,380	159,687	1,737,310
Changes in equity for 2012:						
Profit and total comprehensive income for the year	–	–	–	–	583,496	583,496
Issuance of new shares under the Pre-IPO Share Option Scheme (Note (c)(i))	146	11,682	–	(8,203)	–	3,625
Dividend approved in respect of the previous year (Note (b))	–	–	–	–	(150,242)	(150,242)
Dividend declared in respect of the current year (Note (b))	–	–	–	–	(150,257)	(150,257)
Equity settled share-based transactions	–	–	–	68,925	–	68,925
Share options and awarded shares forfeited	–	–	–	(10,927)	208	(10,719)
Balance at 31 December 2012 and 1 January 2013	100,187	1,405,884	–	133,175	442,892	2,082,138

26 Capital, reserves and dividends (Continued)

(a) Movements in components of equity (Continued)

	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 31 December 2012 and 1 January 2013	100,187	1,405,884	–	133,175	442,892	2,082,138
Changes in equity for 2013:						
Loss and total comprehensive income for the year	–	–	–	–	(102,789)	(102,789)
Issuance of new shares under the Pre-IPO Share Option Scheme (Note (c)(i))	306	21,142	–	(14,875)	–	6,573
Issuance of new shares under bonus issue (with PCSs as an alternative) (Note (c)(ii))	15,037	(40,129)	25,092	–	–	–
Dividend approved in respect of the previous year (Note (b))	–	–	–	–	(150,482)	(150,482)
Dividend declared in respect of the current year (Note (b))	–	–	–	–	(154,685)	(154,685)
Equity settled share-based transactions	–	–	–	69,475	–	69,475
Share options and awarded shares forfeited	–	–	–	(13,879)	719	(13,160)
Balance at 31 December 2013	115,530	1,386,897	25,092	173,896	35,655	1,737,070

26 Capital, reserves and dividends (Continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company and holders of PCSs attributable to the year

	2013 $'000	2012 $'000
Interim dividend declared and paid of 11 (2012: 15) cents per ordinary share and unit of PCSs	**154,685**	150,257
Final dividend proposed after the balance sheet date of 11 (2012: 15) cents per ordinary share and unit of PCSs	**154,685**	150,280
	309,370	300,537

In respect of the interim dividend for the six months ended 30 June 2013, there is a difference of $57,000 between interim dividend disclosed in the 2013 interim financial report and amounts declared and paid during the year which represents dividends attributable to new shares issued upon the exercise of 518,000 share options, before the closing date of the register of members.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2013 $'000	2012 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 15 cents (2012: 15 cents) per ordinary share	**150,482**	150,242

In respect of the final dividend for the year ended 31 December 2012, there is a difference of $202,000 between final dividend disclosed in the 2012 annual financial statements and amounts declared and paid during the year which represents dividends attributable to new shares issued upon the exercise of 1,348,000 share options, before the closing date of the register of members.

26 Capital, reserves and dividends (Continued)

(c) Share capital

	The Company			
	2013		2012	
	No. of shares '000	**Amount $'000**	No. of shares '000	Amount $'000
Authorised:				
Ordinary shares of $0.10 each	**5,000,000**	**500,000**	5,000,000	500,000
Ordinary shares, issued and fully paid:				
At 1 January	**1,001,868**	**100,187**	1,000,414	100,041
Issuance of new shares under the Pre-IPO Share Option Scheme (Note (i))	**3,069**	**306**	1,454	146
Issuance of new shares under bonus issue (with PCSs as an alternative) (Note (ii))	**150,366**	**15,037**	–	–
At 31 December	**1,155,303**	**115,530**	1,001,868	100,187

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes:

(i) During the year ended 31 December 2013, 3,069,500 (2012: 1,454,500) share options under the Pre-IPO Share Option Scheme were exercised to subscribe for 3,069,500 (2012: 1,454,500) ordinary shares of the Company at a consideration of $2.492 or $1.780 (adjusted) (2012: $2.492) per share, of which $0.10 (2012: $0.10) was credited to share capital and the balance was credited to the share premium account. $14,875,000 (2012: $8,203,000) has been transferred from the capital reserve to the share premium account in accordance with the accounting policy set out in note 2(r)(ii).

(ii) Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of the Company held on 15 May 2013, bonus shares were made to shareholders whose names appear on the register of members of the Company on 24 May 2013, the record date, on the basis of two new shares credited as fully paid for every five shares held, with an option to elect to receive PCSs in lieu of all or part of their entitlements to the bonus shares.

The PCSs are unlisted and irredeemable but have conversion rights entitling the holders of PCSs to convert into an equivalent number of shares as the number of bonus shares which the holders of PCSs would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the PCSs.

On 20 June 2013, an amount of $15,036,560 standing to the credit of the share premium account was applied in paying up in full 150,365,600 ordinary shares of $0.10 each which were allotted and issued as fully paid to the shareholders who were entitled to those bonus shares and did not elect to receive the PCSs. In addition, the PCSs in the amount of $25,092,080 were issued to shareholders who elected to receive the PCSs, and the same amount was capitalised from the share premium account as reserve arising from issuance of the PCSs.

Reserve arising from issuance of the PCSs was capitalised from the share premium account for the purpose of issue of new shares upon conversion of the PCSs. This reserve balance represented the aggregate amount of the PCSs outstanding at the period end. There was no conversion to ordinary shares by the holders of PCSs during the year.

Upon completion of the bonus issue, adjustments were made to the exercise price and outstanding number of share options and awarded shares granted pursuant to the Group's Pre-IPO and Post-IPO Share Option Schemes and Pre-IPO Share Award Scheme (see notes 25(a), (b) and (c)).

26 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve mainly comprises the portion of the grant date fair value of awarded shares and unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(r)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

(iv) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public welfare fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(v) Property revaluation reserve

Property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for other land and buildings in note 2(i)(ii).

26 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(vi) Other reserve

The other reserve mainly represents:

(1) The difference between the consideration received and the net book value of Joinbest Enterprises Limited ("JEL") and its subsidiaries for the deemed disposal of partial interests in JEL. The deemed disposal was resulted from the issuance of 1 ordinary share of JEL at premium upon conversion of convertible notes held by a third party on 18 June 2006.

(2) The differences between the consideration paid and the net book value of certain subsidiaries for the acquisition of additional interests in these subsidiaries from non-controlling shareholders.

(3) The differences between the consideration received and the net book value of certain subsidiaries for the disposal of the partial interests in these subsidiaries by the Group.

(4) The deemed contributions from the ultimate shareholder for the transfer of investment costs in JEL, Le Leman International (Yuhang) Limited, Glory Wise Limited, Fullshine Group Limited and Fortune Mega International Limited at nil consideration pursuant to a reorganisation.

(5) The amount arising from the reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange.

(6) The waiver of repayment of amount due to a related company. In December 2010, the Group entered into an agreement with a related company beneficially owned by a shareholder of the Company whereby repayment of amount due to the related company of $350,000,000 was waived.

(e) Distributability of reserves

At 31 December 2013, the aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was $1,621,540,000 (2012: $1,981,951,000). After the balance sheet date the directors proposed a final dividend of 11 cents (2012: 15 cents) per ordinary share, amounting to $154,685,000 (2012: $150,280,000) (note 26(b)). This dividend has not been recognised as a liability at the balance sheet date.

26 Capital, reserves and dividends (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which is net debt divided by total equity at the balance sheet date. For this purpose, the Group defines net debt as total bank and other borrowings less restricted and pledged deposits and cash and cash equivalents.

The Group's gearing ratio at the balance sheet date was as follows:

	2013 **$'000**	2012 $'000
Current liabilities:		
Bank and other borrowings	**9,070,702**	3,293,358
Amounts due to non-controlling shareholders (interest-bearing)	**215,489**	222,607
	9,286,191	3,515,965
Non-current liabilities:		
Bank and other borrowings	**5,989,594**	5,588,611
Loans from joint ventures	**1,223,687**	–
Total borrowings	**16,499,472**	9,104,576
Less: Restricted and pledged deposits	**(4,577,644)**	(1,113,728)
Cash and cash equivalents	**(5,606,262)**	(4,901,251)
Net debt	**6,315,566**	3,089,597
Total equity	**6,275,084**	4,579,304
Gearing ratio	**100.6%**	67.5%

27 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Group as set out in note 29, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 29.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(b) Liquidity risk

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

27 Financial risk management and fair values of financial instruments (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	10,038,546	2,521,167	3,254,954	1,231,493	17,046,160	15,060,296
Creditors and accrued charges	2,727,062	194,756	266,365	–	3,188,183	3,188,183
Amounts due to non-controlling shareholders	528,915	–	–	–	528,915	514,693
Amount due to a related company	14,708	–	–	–	14,708	14,708
Loans from joint ventures	119,923	1,277,708	–	–	1,397,631	1,223,687
	13,429,154	3,993,631	3,521,319	1,231,493	22,175,597	20,001,567

	2012 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	4,016,846	2,230,784	2,324,929	3,087,572	11,660,131	8,881,969
Derivative financial instruments	45,436	–	–	–	45,436	45,436
Creditors and accrued charges	2,488,568	11,196	363,436	–	2,863,200	2,863,200
Amounts due to a non-controlling shareholder	229,953	–	–	–	229,953	222,607
	6,780,803	2,241,980	2,688,365	3,087,572	14,798,720	12,013,212

27 Financial risk management and fair values of financial instruments (Continued)

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other borrowings of the Group are disclosed in note 22. The Group does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately $103,873,000 (2012: $48,050,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2012.

(d) Currency risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or United States dollars. In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

(e) Equity price risk

The Group was exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of derivatives of the Group. At 31 December 2012, the Group was exposed to this risk through derivative financial instruments as disclosed in note 24.

At 31 December 2012, a reasonably possible increase/decrease of 5% in the relevant stock market index of the Company, with all other variables held constant, the impact on the Group's and the Company's profit after tax and total equity was not expected to be material.

27 Financial risk management and fair values of financial instruments (Continued)

(f) Fair values measurements

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

Group

	Fair value at 31 December 2012 $'000	Fair value measurements as at 31 December 2012 categorised into Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement				
Financial liabilities:				
Derivative financial instruments	45,436	–	45,436	–

During the years ended 31 December 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments was measured based on a binomial lattice model and the significant observable input used in the fair value measurement was expected volatility. The volatility rate adopted was derived from the average of the daily historical volatilities of comparable companies with period commensurate to the contractual maturity, together with the Company's own volatility.

(g) Fair values of financial assets and liabilities carried at other than fair value

Other financial assets and liabilities as presented in the Group's consolidated balance sheet are carried at amounts not materially different from their fair values at 31 December 2012 and 2013.

28 Commitments

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

	2013 $'000	2012 $'000
Contracted for	**3,683,846**	3,354,396
Authorised but not contracted for	**2,538,894**	2,759,438
	6,222,740	6,113,834

Capital commitments mainly related to development expenditure for the Group's properties under development.

(b) At 31 December 2013, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013 $'000	2012 $'000
Within 1 year	**12,260**	13,875
After 1 year but within 5 years	**12,745**	9,968
	25,005	23,843

The Group is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

29 Contingent liabilities

	2013 $'000	2012 $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	**4,189,963**	2,824,395

30 Material related party transactions

(a) In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions during the years:

	2013 **$'000**	2012 $'000
Incentive fee payable to an associate (Note (ii))	–	30,452

Notes:

(i) The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(ii) Incentive fee payable to an associate for the year ended 31 December 2012 was determined with reference to the average selling price per square metre of the residential units of a property development project developed by the Group and an agreed percentage of the actual saleable revenue derived from that property development project during that year. This transaction did not fall under the definition transaction or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 8 and certain of the highest paid employees and senior management as disclosed in note 9, is as follows:

	2013 **$'000**	2012 $'000
Short-term employee benefits	**59,529**	58,463
Post-employment benefits	**393**	220
	59,922	58,683

Total remuneration is included in "staff costs" (see note 6(b)).

The related party transactions in respect of the remuneration of directors and chief executive of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executive) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) The related party transactions in respect of the amounts due from non-controlling shareholders, amounts due to non-controlling shareholders, amount due to a related company, loan from a related company and loans from joint ventures as set out in notes 18(iii), 21(iii), 22(ii) and 23 respectively constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

31 Non-adjusting post balance sheet events

(a) On 31 December 2013, the Group entered into a share and shareholder's loan transfer agreement with an independent third party for the acquisition of the entire issued share capital in Urban Transportation Infrastructure Development Limited (城市交通設施發展有限公司) (which in turn holds 90% indirect interest in a land located at Nanjing, the PRC) and the shareholder's loan owing to the former shareholder. The total consideration of the acquisition, subject to certain adjustment, shall be RMB239,040,000 (equivalent to approximately $303,581,000). The completion of such acquisition took place on 2 January 2014.

(b) On 23 January 2014, the Group entered into a capital injection agreement with an independent third party to inject capital in Sanhe City Xue Zhe Zhi Jia Investment Limited (三河市學者之家投資有限公司) ("Sanhe") in the total amount of RMB228,140,000 (equivalent to approximately $289,738,000) and to provide a shareholder's loan in an amount of RMB137,388,000 (equivalent to approximately HK$174,482,000). After the completion of capital injection, the Group holds 51% equity interest in Sanhe and Sanhe will become a non wholly-owned subsidiary of the Group.

(c) After the balance sheet date, the directors proposed a final dividend. Further details are disclosed in note 26(b).

32 Immediate parent and ultimate holding company

The directors consider the immediate parent and ultimate holding company of the Group to be Chance Again Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

33 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 13, investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

Investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

33 Accounting judgements and estimates (Continued)

(b) Impairment of non-current assets

If circumstances indicate that the carrying amounts of fixed assets (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(d) LAT

As explained in note 7(a), LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at each balance sheet date. Any increase or decrease in actual outcomes/estimates would affect income statement in the future years.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	To be announced by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five-Year
Financial Summary

Consolidated Income Statement

	For the year ended 31 December **2013** **$'000**	 2012 $'000	 2011 $'000	 2010 $'000	 2009 $'000
Turnover	**5,746,528**	6,064,954	5,861,312	2,759,894	3,228,072
Direct costs	**(3,446,121)**	(2,889,555)	(1,982,177)	(1,074,302)	(2,110,780)
Gross profit	**2,300,407**	3,175,399	3,879,135	1,685,592	1,117,292
Valuation gains on investment properties	**1,117,664**	683,567	360,295	82,005	179,978
Other revenue	**124,468**	131,672	81,998	12,989	14,550
Other net income/(loss)	**405,650**	(28,365)	48,640	60,153	(2,582)
Selling and marketing expenses	**(254,968)**	(181,492)	(173,426)	(123,371)	(70,721)
Administrative expenses	**(533,644)**	(510,983)	(495,018)	(316,138)	(207,288)
Profit from operations	**3,159,577**	3,269,798	3,701,624	1,401,230	1,031,229
Finance costs	**(671,779)**	(670,915)	(425,084)	(59,680)	(6,375)
Share of profits less losses of associates	**–**	4,826	(5,113)	–	–
Share of losses of joint ventures	**(5,017)**	–	–	–	–
Profit before taxation	**2,482,781**	2,603,709	3,271,427	1,341,550	1,024,854
Income tax	**(1,120,941)**	(1,415,745)	(2,249,825)	(857,128)	(501,362)
Profit for the year	**1,361,840**	1,187,964	1,021,602	484,422	523,492
Attributable to:					
Equity shareholders of the Company	**1,284,458**	1,199,841	1,021,900	494,723	376,586
Non-controlling interests	**77,382**	(11,877)	(298)	(10,301)	146,906
Profit for the year	**1,361,840**	1,187,964	1,021,602	484,422	523,492
Basic earnings per share ($)	**0.91**	0.86	0.77	0.47	0.36
Diluted earnings per share ($)	**0.90**	0.85	0.77	0.47	0.36

Note: Basic and diluted earnings per share for the years ended 31 December 2012, 2011, 2010 and 2009 have been restated for the impact of the bonus issue of Shares (with PCSs as an alternative).

Consolidated Statement of Comprehensive Income

	For the year ended 31 December				
	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Profit for the year	**1,361,840**	1,187,964	1,021,602	484,422	523,492
Other comprehensive income for the year (after tax and reclassification adjustments)					
Items that may be reclassified subsequently to profit or loss:					
Surplus on revaluation of other land and buildings	**–**	–	49,843	–	–
Exchange differences on translation of financial statements of foreign subsidiaries	**165,832**	56,473	160,245	106,251	2,191
Share of other comprehensive income of associates and joint ventures	**4,572**	1,646	1,917	–	–
Total comprehensive income for the year	**1,532,244**	1,246,083	1,233,607	590,673	525,683
Attributable to:					
Equity shareholders of the Company	**1,446,596**	1,254,082	1,231,394	595,139	376,957
Non-controlling interests	**85,648**	(7,999)	2,213	(4,466)	148,726
Total comprehensive income for the year	**1,532,244**	1,246,083	1,233,607	590,673	525,683

Consolidated Balance Sheet

	At 31 December									
	2013		2012		2011		2010		2009	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets										
Fixed assets										
– Investment properties		9,295,306		4,230,817		2,942,217		2,253,221		1,981,606
– Other property, plant and equipment		474,355		450,588		479,542		533,740		517,735
– Interests in leasehold land held for own use under operating leases		4,701		28,833		29,117		19,519		5,142
		9,774,362		4,710,238		3,450,876		2,806,480		2,504,483
Interest in associates		–		–		81,977		104,170		65,058
Interest in joint ventures		166,238		160,378		–		–		–
Other financial assets		33,469		32,545		32,292		30,981		–
Restricted and pledged deposits		1,407,161		124,363		345,508		177,563		–
Deferred tax assets		620,734		853,492		719,150		295,030		111,538
		12,001,964		5,881,016		4,629,803		3,414,224		2,681,079
Current assets										
Inventories	15,877,394		11,628,155		9,166,826		5,096,696		3,057,999	
Other financial assets	–		9,949		169,052		94,697		–	
Trade and other receivables	2,059,293		1,520,168		526,822		901,230		1,500,229	
Tax recoverable	43,929		–		–		–		–	
Restricted and pledged deposits	3,170,483		989,365		1,225,057		1,744,788		1,314,860	
Cash and cash equivalents	5,606,262		4,901,251		4,660,505		3,291,157		1,282,905	
	26,757,361		19,048,888		15,748,262		11,128,568		7,155,993	
Current liabilities										
Trade and other payables	10,026,262		6,390,764		5,188,466		5,496,927		3,560,819	
Bank and other borrowings	9,070,702		3,293,358		1,720,066		2,882,969		571,580	
Derivative financial instruments	–		45,436		–		–		–	
Tax payable	4,872,872		4,512,217		3,879,498		1,764,063		944,981	
	23,969,836		14,241,775		10,788,030		10,143,959		5,077,380	
Net current assets		2,787,525		4,807,113		4,960,232		984,609		2,078,613
Total assets less current liabilities		14,789,489		10,688,129		9,590,035		4,398,833		4,759,692
Non-current liabilities										
Bank and other borrowings	5,989,594		5,588,611		5,473,006		3,482,822		3,247,411	
Loan from an associate	–		–		238,738		–		–	
Loans from joint ventures	1,223,687		–		–		–		–	
Loans from non-controlling shareholders	–		–		–		–		–	
Derivative financial instruments	–		–		13,641		–		–	
Deferred tax liabilities	1,301,124		520,214		344,185		153,144		113,612	
		8,514,405		6,108,825		6,069,570		3,635,966		3,361,023
NET ASSETS		6,275,084		4,579,304		3,520,465		762,867		1,398,669
CAPITAL AND RESERVES										
Share capital		115,530		100,187		100,041		24		124
Reserves		5,530,466		4,355,198		3,319,885		762,843		897,787
Total equity attributable to equity shareholders of the Company		5,645,996		4,455,385		3,419,926		762,867		897,911
Non-controlling interests		629,088		123,919		100,539		–		500,758
TOTAL EQUITY		6,275,084		4,579,304		3,520,465		762,867		1,398,669

萊蒙國際
TOPSPRING

TOP SPRING
INTERNATIONAL
HOLDINGS LIMITED
萊蒙國際集團有限公司

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