建業地產股份有限公司

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 0832.HK

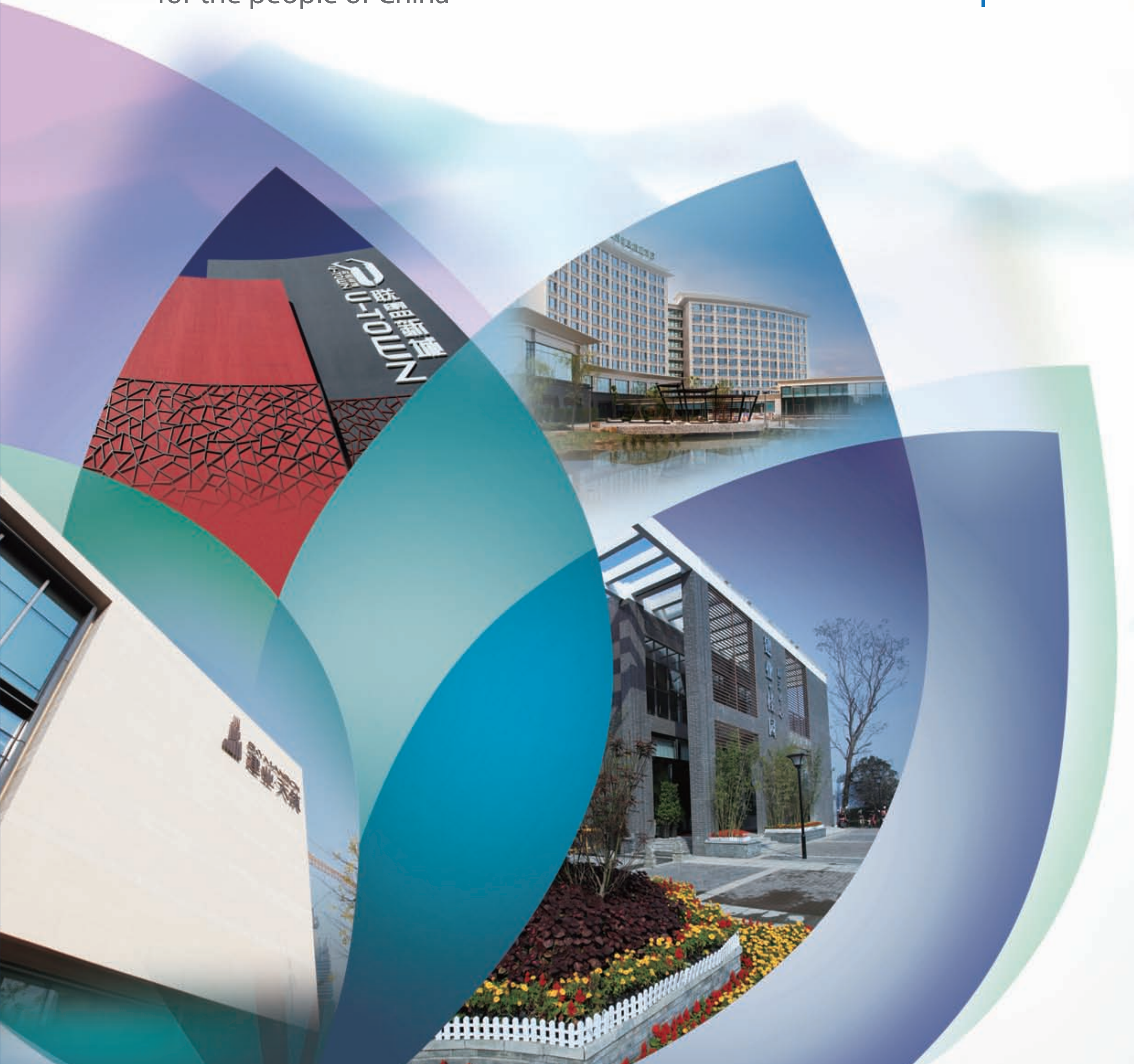
www.centralchina.com

根植中原造福百姓

胡葆森

From the land of Henan,
for the people of China

2013 Annual Report



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Shangqiu U-Town

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Ms. Yan Yingchun

Non-executive Directors

Mr. Lim Ming Yan *(Vice-Chairman)*
(with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Ms. Wu Wallis (alias Li Hua)
Mr. Hu Yongmin

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi (resigned on 31 July 2013)
Mr. Xin Luo Lin
Mr. Muk Kin Yau (appointed on 1 August 2013)

BOARD COMMITTEES

Audit Committee

Mr. Cheung Shek Lun *(Chairman)*
Mr. Xin Luo Lin
Mr. Leow Juan Thong Jason

Remuneration Committee

Mr. Xin Luo Lin *(Chairman)*
Mr. Wu Po Sum
Mr. Cheung Shek Lun

Nomination Committee

Mr. Wu Po Sum *(Chairman)*
Mr. Cheung Shek Lun
Mr. Xin Luo Lin

CHIEF EXECUTIVE OFFICER

Mr. Chen Jianye

COMPANY SECRETARY

Mr. Wong Tak Chun (resigned on 28 June 2013)
Mr. Kwok Pak Shing (appointed on 28 June 2013)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 88, Jianye City Garden
Jianye Road, Zhengzhou City
Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 7701B–7702A
77th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East,
Wanchai, Hong Kong

Corporate Information *(Continued)*

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited

LEGAL ADVISERS
As to Hong Kong Law
Li & Partners

As to Cayman Islands Law
Conyers Dill & Pearman (Cayman) Limited

INDEPENDENT AUDITORS
KPMG
Certified Public Accountants

WEBSITE
www.centralchina.com

SHAREHOLDERS' INFORMATION
Share listing
The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong limited

Ordinary Shares (as at 31 December 2013)

Shares outstanding	:	2,435,344,600 shares
Nominal value	:	HK$0.10 per share

INVESTOR RELATIONS CONTACT

Email address	:	ir@centralchina.com

HEAD OF INVESTOR RELATIONS & CHIEF INVESTMENT OFFICER
Mr. Mai Vinh

FINANCIAL CALENDAR

2013 annual results announcement	:	26 March 2014
Book closure period (for determining shareholders' eligibility to attend and vote at the annual general meeting (the "2014 AGM"))	:	14 May 2014 to 16 May 2014 (both days inclusive)
2014 AGM	:	16 May 2014
Book closure date (for determining shareholders' entitlement to the proposed final dividend for 2013 (subject to shareholders' approval at the 2014 AGM)	:	22 May 2014
Payment date of final dividend	:	On or about 6 June 2014

CORPORATE PROFILE

Nanyang Forest Peninsula

Corporate Profile

Central China Real Estate Limited (hereinafter referred to as "CCRE" or the "Company", together with its subsidiaries hereinafter referred to as the "Group", stock code: 832) was incorporated in the Cayman Islands on 15 November 2007 as an exempt company with limited liability, the shares of which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 June 2008. The Group has been granted the "First Class Honor of Real Estate Developer" in the People's Republic of China (the "PRC" or "China").

The Company has been committed to the development of branded properties as its principal activity since its establishment. Over 21 years, we have continued to guide citizens to new exposures in lifestyle through our articulately crafted architectural masterpieces in honor of our core value of "Taking Root in Central China and Contributing to Society." The Company is of the view that enterprises relate to the society in the same way as a trees relate to the earth. When we establish our presence in a city, we co-operate with our local peer developers to contribute to the local community by improving the standards of construction, increasing tax collections for local governments and creating job opportunities. Our relentless efforts in driving the urbanisation process and promoting economic and social growth in Henan Province have won the accolades of government authorities, professionals, peers, investors, customers and our employees.

The Company positions itself as a facilitator of urbanisation and all-round social progress for Henan Province. Having taken root in Henan Province for 21 years, we are resolute as ever in our vision and mission of "building quality houses for the people of Henan". With the development of housing complexes such as "Forest Peninsula", "U-Town", "Code One City", "Sweet-Scented Osmanthus Garden" and "Jianye Eighteen Cities", we have improved the standard of residential housing in various cities in Henan and made important contributions to the urbanisation process of the province. Meanwhile, the Company endeavours to construct a unique mega service regime in China's property sector by integrating internal and external service resources, such as community services, call centre, the Supreme Card (至尊卡), football, education, commerce, hotel, cultural travel and green base, with a view to fostering new core competitiveness for the Company.

The Company is firmly committed to its philosophy of "providing customers with zero-defect products and first-rated services". In addition, we apply concepts of scientific decision-making, management standardisation and operation professionalisation in our business management to ensure the quality of our products and services. In 2013, the Company marketed its "Tianzhu Project", the icon of the fourth generation of our product created by the Company. The concept of Tianzhu Project combining "technology, green, modern and boutiqueness" will incorporate into all of our new products, further enhancing the competitiveness of our products in the market.

In its persistent professional pursuit of premium residential housing development over the past 21 years, the Company has fostered a "CCRE model" focused on provincial and regional development, created a brand name well trusted for social responsibility, groomed a high calibre management team, given substance to the corporate philosophy of "perseverance for excellence" and embarked on a development cycle of "ongoing profitability and stable growth".

Zhengzhou Zhengxi Forest Peninsula

As of now, the Company has established its presence in Henan's 18 prefecture-level cities and 18 county level cities. As at 31 December 2013, the Company had completed development projects with an aggregate gross floor area ("GFA") of approximately 11.62 million square metres ("sq.m.") and owned 38 projects/phases under development with GFA of approximately 3.20 million sq.m. under development and land reserves with GFA of 17.82 million sq.m., including equity-owned GFA of 14.75 million sq.m.. During the reporting period, GFA measured approximately 2.83 million sq.m. for newly commenced projects and 2.04 million sq.m. for properties sold.

In line with its corporate culture underpinned by "honesty, responsibility, integrity and focus", a state of business featuring a high level of integration between "economic and social benefits, material and spiritual pursuits, corporate and staff interests, strategic objectives and execution process" is coming into shape.

According to "2013 Research Report on Top 500 Chinese Property Developers" co-published by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal on 22 March 2013, the Company was ranked 26th among the "Top 500 Chinese Property Developers in 2013" and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for the fifth year in a row, being the only central China-based property developer among the top 30 and the top real estate developer in Henan. On 23 May 2013, China Real Estate Association released the appraisal results of Chinese listed property developers in 2013. The Company was honoured with a 21st ranking on the list of Chinese listed property companies and was further ranked in top 5 operations performance.

Turning dreams into reality, golden age coming along. The Company adheres to its corporate philosophy of "Perseverance for Excellence" and its core value of "Taking Root in Central China and Contributing to Society". The Company remains committed to making contributions to the development of the real estate industry and the private economic sector, as well as the strengthening of the nation and the prosperity of the nation.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to you on behalf of the board (the "Board") of directors (the "Director(s)") of the Company the consolidated results of the Group for the year ended 31 December 2013.

Chairman's Statement

During the reporting period, the global economy struggled to recover. China's economy transformed from investment-oriented to consumption-oriented with declining growth but moved steadily. In particular, Henan province, our strategic core market, has been benefited from the implementation of the three major national strategies, namely food production core zone, central China economic zone and Zhengzhou Aviation Port Economic Integration Trial Zone, as well as constant demographic growth, maintaining a faster economic growth of the region in 2013 with a year-on-year increase in GDP by 9.0%, which was 1.3 percentage points above the national growth rate.

In connection to the property market, property price in key Chinese cities had continued to rise in 2013 before such growth began to diminish after the announcement of the "Five Measures of the State Council". Sales commodity housing in the nationwide property market was 1,305,510,000 sq.m. in 2013, representing a growth of 17.3%. A number of upstream economic indicators showed a downward trend, but the performance of one of the downstream industries, the property market, was impressive, demonstrating the macro driving force of urbanization and growing rigid demand in China.

As emphasized in the 2014 report on the work of the central government in the PRC, China will have to address "three 100 million people" issues in the near future. China will grant urban residency to around 100 million rural people who have moved to cities, rebuild rundown city areas and villages inside cities that are home to 100 million people, and guide the neighbourhood urbanization of around 100 million rural residents of the central and western regions. Under the support of the demand from the "three 100 million people" issues, the property market in China will enter a new golden period for at least 10 years. Henan has over 120 cities at prefecture or above level, in which some of them are capital cities with excellent economic conditions. From the mid-to-long term perspective, these cities shall become key markets of new type of urbanization. Thus, we are confident that the Group will gain the opportunities for development in the coming golden period as long as we have laid a concrete foundation of our business in Henan.

As a result of the above factors, the annual results of the Company achieved a significant growth as compared with the previous year. Contracted sales of the Company amounted to RMB14 billion, representing an increase of 35%, while GFA sold exceeded 2 million sq.m., representing a growth of 30%. In addition, the Company continued to gain grounds in integrated strengths, as it rose from the 28th in 2012 to the 26th among the "Top 500 Chinese Property Developers 2013," while continuing to top the list of "Top 10 Chinese Property Developers in Regional Operations" for yet another year, being the only central China-based property developer among the top 30.

In the reporting period, the Company turned the page of a new chapter in several aspects. Capability of the Company in operational management has been further enhanced and reinforced, such as diversification of financing sources, standardization of product regime, scale of talent development as well as normalization of planning and control. Based on the breakthrough in sales of our Puyang subsidiary, the Company has commenced an era of "RMB1 billion sales" in the market of prefecture-level cities. Our considerable effort in delivering products and services was rewarded with such organic return and strategic outcome of a new stage.

In 2013, US$400 million senior notes having 5-year term with interest rate of as low as 6.5% were issued by the Company in May 2013 subsequent to the issue of US$200 million senior notes in January 2013. With the support of on-shore and off-shore financing platforms as well as substantial increase in operations capability, the Company was able to acquire land parcels as planned at a relatively low price, increasing our land reserves by approximately 5.30 million sq.m. in the year.

Chairman's Statement *(Continued)*

CCRE has elevated the quality standards of its products and services to a new level. The Company has launched our fourth-generation products as symbolized by the successful launch of "Tianzhu Project". Elements of green, modern, technology, boutiqueness have manifested the CCRE's insight on and direction of needs of future market. Meanwhile, in the first half of the year, the Supreme Card (至尊卡) was granted the "Payment Services Permit" by the People's Bank of China (the "Central Bank"), whereby it was officially admitted into the ranks of non-financial institutions approved by the central bank for payment services. In the second half of the year, the opening of Le Meridien Zhengzhou, an elegant and grand hotel in Zhengzhou, marked an important milestone of our hotel investment. In addition, the successful opening of Luoyang Triumph Plaza, the first large-scale commercial complex operated solely by the Group in our history, has symbolized the transformation of our resources for services as our new competitive strength.

During the reporting period, market competition became increasingly intensive along with a transformation of the structure of the industry, and new challenges and inspirations were brought about by new type of commercial concept from time to time in the internet era. Upon our review on the Group's corporate strategies, we are of the view that the launch of the "Supreme Card" since 2008 marked the commencement of "CCRE mega service regime", further accelerating the emergence of our new corporate competitive strength of service orientation. In the event that the strategic planning is realized, CCRE will be further strengthened to compete with peers, establishing CCRE a stronger market position and exploring a bigger room for development.

To identify, satisfy, direct and create demand is the essence of corporate business operation. With increasing demand from customers and homogenization of products in the market, competition in property market has been extended to ancillary services of products and accelerated service innovation. CCRE considers CCRE's "Personal Tailor" shall be based on all service resources of the Company with an objective of satisfying those needs may be derived from new life style of our customers, providing all of our customers tailor-made services afresh. Our services shall include: 1. upgrade of community and property management organization to customer service centre for providing housework services, courier services of online purchase, online purchase or information services; 2. establishment of "CCRE Grocery Shop" in all community for regularly providing our customers "flower basket", "vegetable basket", "fruit basket", green food and etc.; 3. transformation of "9617777 call centre" to "services coordination centre" for centralising the allocation and coordination of service resources of the Company in Henan Province; 4. promotion of the "Supreme Card", a stored value instrument for payment, as a status symbol of customers, with which customers may pay for all service resources of the Company such as community, hotel, shopping mall, school, kindergarten, football field and home purchase centre; 5. organization of regular seminars and forums for the entrepreneurs of the corporate customers to share and exchange knowledge and experience with renowned leaders of domestic and international companies, well-known economists as well as experts on culture and health; and 6. initial establishment of "blind-spot free service network" covering all times, regions and functions.

As CCRE's "Personal Tailor" is a complicated and arduous project, every staff member of CCRE shall make effort for knowledge enhancement and participation in order to make progress. When CCRE's "Personal Tailor" services become mature, CCRE will transform itself from a property developer to a new life style service provider for sustainable development. Such value may determine the future of CCRE.

APPRECIATION

I would like to take this opportunity to express sincere gratitude to our management team and staff for their diligent work and contributions. In this era of change, the trust and recognition of shareholders remain the driving force for us to go forward. We will continue to maximise shareholders' value by acting as the facilitator of urbanisation and general social progress in Henan province, enhancing our contributions to the healthy and sustainable development of China's real estate industry as we head into the next decade of the Company's operation.

Wu Po Sum
Chairman

26 March 2014

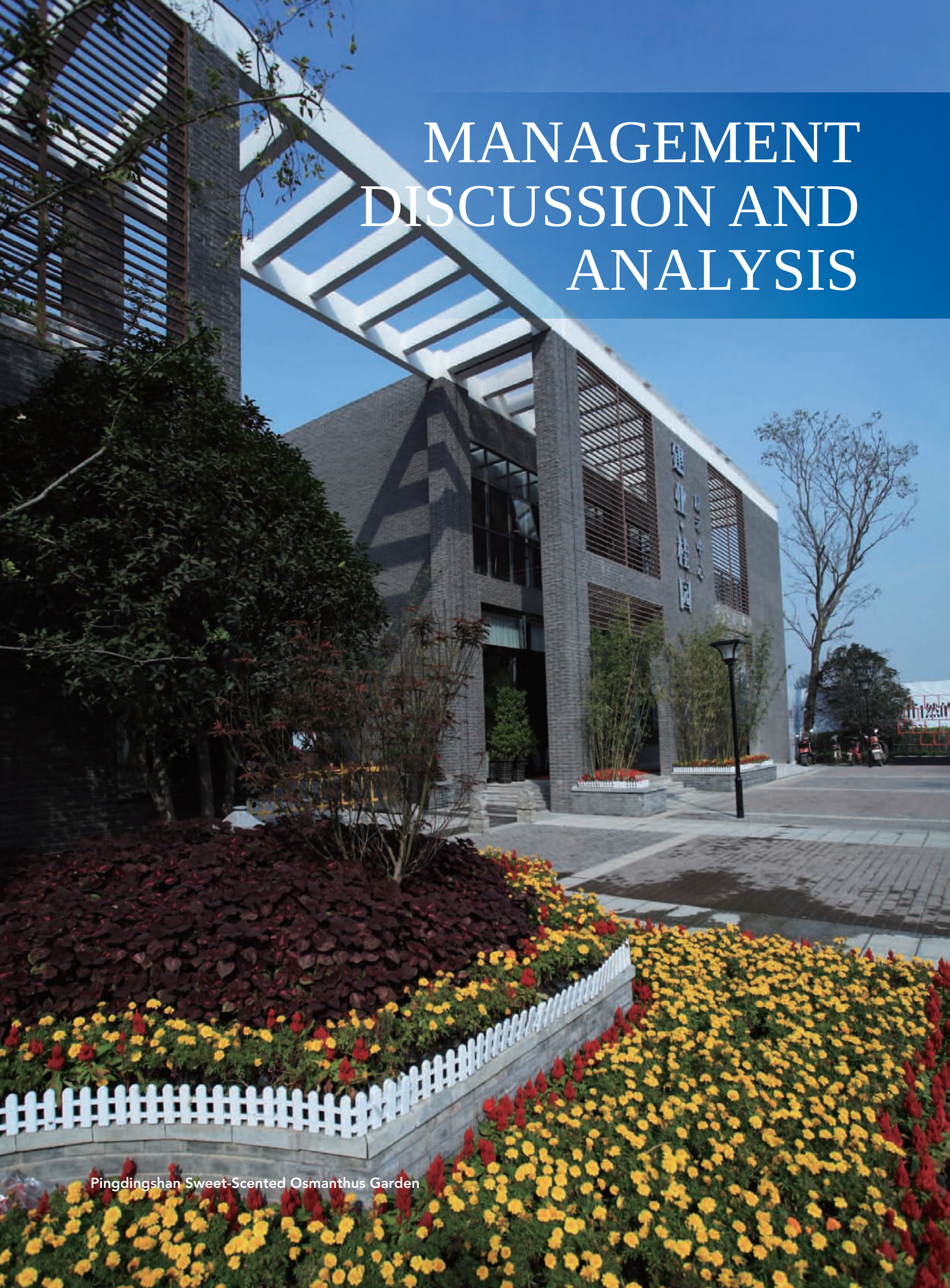
Financial Highlights

	2013	2012	Change (%)
Financial Highlights *(RMB'000)*			
Turnover	**6,951,125**	6,345,527	9.5
Profit attributable to equity shareholders	**1,025,930**	823,086	24.6
Financial Ratios *(%)*			
Gearing ratio+	**50.3**	44.7	5.6*
Gross profit margin	**34.1**	35.4	-1.3*
Net profit margin	**15.6**	13.7	1.9*
Financial Information per Share *(RMB)*			
Earnings — Basic	**0.4216**	0.3390	24.4
Earnings — Diluted	**0.4206**	0.3071	37.0
Dividends *(HK$)*			
Interim	**0.0520**	0.0450	15.6
Final	**0.1070**	0.0800	33.8
	0.1590	0.1250	27.2
Equity attributable to equity shareholders *(RMB)*	**2.47**	2.13	16.0

Notes: * change in percentage points

\+ Gearing ratio represents net debt divided by total equity of the Company. Net debt represents outstanding bank loans, other loans, convertible bonds and senior notes, less cash and restricted bank deposits secured against bank loans. Total equity represents shareholders' equity and non-controlling interests.

MANAGEMENT DISCUSSION AND ANALYSIS



Pingdingshan Sweet-Scented Osmanthus Garden

Management Discussion and Analysis

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. *The macro-economic environment*

In 2013, the global economy struggled to recover and China's economic conditions at home and abroad were intricate. As economy continued its downward trend, the PRC government launched a series of policies and measures for effective expansion of domestic demand, promotion of transformation and upgrade as well as intensification of reform and opening up policy. In 2013, China's GDP amounted to RMB56.88 trillion, representing a year-on-year growth of 7.7%.

In 2013, Henan implemented the policies and measures issued by the PRC government thoroughly, such as "Stabilizing growth, adjusting structure and facilitating reform", by fully developing the three major national strategies, namely food production core zone, central China economic zone and Zhengzhou Aviation Port Economic Integration Trial Zone, maintaining a faster economic growth of the region. In 2013, Henan recorded GDP of RMB3.22 trillion, representing a year-on-year growth of 9.0%, which was 1.3 percentage points above the national growth rate.

2. *The property market*

In 2013, China stressed the continuity of property control policies with a change in mindset towards market-orientation and differentiation, resulting in increases in sales volume and price of commodity housing and further expansion of the property market during the year. In 2013, sales of commodity housing in the nationwide property market amounted to 1,305,510,000 sq.m., a year-on-year growth of 17.3%, and average selling price was RMB6,237 per sq.m., a year-on-year growth of 7.7%.

As the principal market for the Company's business development, the Henan property market again outperformed the national average level in 2013 due to a robust housing demand from end-users driven by rapid industrialisation and urbanisation in the region. In 2013, sales of commodity housing in Henan property market amounted to 73,100,000 sq.m., a year-on-year growth of 22.5%, and average selling price was RMB4,205 per sq.m., a year-on-year growth of 9.8%.

Le Méridien Zhengzhou

Management Discussion and Analysis *(Continued)*

(II) Project Development

During the reporting period, the Company insisted its operating strategy of turnover acceleration, intensified the collective effects of cost reduction and explored product innovation and upgrade. As a result, the Company has consolidated and enhanced its professional capacity as well as diversified its products and services in addition to gradual growth in our performance and continual improvement in market position.

During the reporting period, the Company commenced projects with an aggregate GFA of 2,833,334 sq.m. and completed projects with an aggregate GFA of 2,950,962 sq.m. During the reporting period, the Company completed sales/pre-sales of projects with an aggregate GFA of 2,048,318 sq.m. for a total amount of RMB14 billion, representing increases of 30% and 35% as compared to the same period last year, respectively.

(1) Development schedule

During the reporting period, the Company commenced construction of 33 projects/phases with newly commenced GFA of 2,833,334 sq.m., representing an increase of 25% over the same period last year.

Geographical breakdown of newly commenced projects for 2013

Location	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	350,806
Other cities in Henan province	2,482,528
Total	2,833,334

As at 31 December 2013, the Company had 38 projects/phases under development with total GFA of approximately 3,199,630 sq.m., including 3 projects/phases in Zhengzhou and 35 projects/phases in other cities of Henan.

Geographical breakdown of projects under development as at 31 December 2013

Location	**GFA under development** *(sq.m.)*
Zhengzhou	419,080
Other cities in Henan province	2,780,550
Total	3,199,630

Management Discussion and Analysis *(Continued)*

During the reporting period, the Company completed 37 projects/phases with total completed GFA of 2,950,962 sq.m. Out of the saleable GFA of 2,337,757 sq.m., 1,748,476 sq.m. were sold, representing a sales ratio of 75%.

City	Development Project	Total GFA completed *(sq.m.)*	Saleable GFA *(sq.m.)*	Pre-sold/ sold GFA *(sq.m.)*
Zhengzhou	Shangjie Forest Peninsula Phase III	49,335	49,335	11,056
Zhengzhou	Code Two City Phase II	159,721	112,499	91,709
Zhengzhou	The Five Buildings	161,248	115,250	95,642
Zhengzhou	Le Meridien Zhengzhou	65,436	–	–
Luoyang	Golf Garden Phase IV Commercial	10,409	10,364	8,170
Luoyang	Huayang Square Phase V	28,093	27,919	27,919
Luoyang	Huayang Square Phase VI	205,749	166,563	116,863
Luoyang	Triumph Plaza (Note)	203,430	20,979	20,979
Pingdingshan	Sweet-Scented Osmanthus Garden Phase II (Batch I)	75,111	71,422	52,788
Pingdingshan	Baofeng Forest Peninsula Phase I	20,277	19,969	13,330
Anyang	Tangyin Forest Peninsula Phase I	84,779	70,500	26,986
Hebi	Forest Peninsula Phase III	30,512	28,231	28,231
Xinxiang	Code One City Phase I	187,031	163,755	124,679
Xinxiang	U-Town Phase I	86,884	86,884	24,043
Xinxiang	Changyuan Forest Peninsula Phase I	31,525	25,080	13,681
Jiaozuo	Xiuwu Forest Peninsula Phase I	41,173	27,401	15,497
Jiaozuo	Code One City Phase II	92,151	70,343	45,241
Puyang	Jianye City Phase VI	86,402	83,676	79,373
Puyang	Jianye City Phase VII (Batch I)	44,209	40,733	29,653
Puyang	Code One City Phase I	129,283	129,174	117,573
Xuchang	Forest Peninsula Phase II	97,236	82,483	74,836
Luohe	Code One City Phase III	105,491	88,115	62,185
Luohe	Linying Sweet-Scented Osmanthus Garden Phase I	43,292	41,736	17,921
Luohe	Four Points by Sheraton Luohe	40,441	–	–
Sanmenxia	Code One City Phase I	91,250	78,787	71,315
Shangqiu	U-Town Phase V	40,721	40,721	40,236
Shangqiu	U-Town Phase VI	91,613	89,053	73,129
Shangqiu	Zhecheng U-Town Phase I	65,726	65,726	18,810
Zhoukou	Forest Peninsula Phase III	68,415	65,543	65,543
Zhoukou	Forest Peninsula Phase IV	88,748	84,348	55,880
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden Phase I	44,838	44,838	34,095
Zhumadian	Suiping Forest Peninsula Phase I	43,735	42,973	31,374
Zhumadian	Eighteen Cities Phase I	101,242	82,617	76,731
Nanyang	Forest Peninsula Phase II	95,818	84,515	80,719
Nanyang	Forest Peninsula Phase III (Part)	44,713	36,524	34,873
Xinyang	South Lake No. 1	54,908	49,683	36,212
Jiyuan	Code One City Phase IV (Part)	40,017	40,018	31,204
Total		2,950,962	2,337,757	1,748,476

Note: 20,979 sq.m. out of total GFA of 203,430 sq.m. of Luoyang Triumph Plaza were saleable GFA, the remainder was self-owned by the Company.

Management Discussion and Analysis *(Continued)*

(2) *Sales Schedule*

The aggregate GFA sold/pre-sold by the Group during the reporting period was 2,048,318 sq.m., with an aggregate amount of RMB14 billion received from sale/pre-sale, representing increases of 30% and 35%, respectively, over the same period last year.

Geographical breakdown of GFA sold/pre-sold as at 31 December 2013

Location	Approximate saleable GFA sold *(sq.m.)*	Approximate total amount *(RMB'000)*
Zhengzhou	241,405	3,837,560
Other cities in Henan province	1,806,913	10,189,420
Total	2,048,318	14,026,980

(III) Land reserves

In 2013, the Group acquired land reserves with a GFA of 0.7 million sq.m. through equity acquisitions and land reserves with a GFA of 4.56 million sq.m. through public land auctions. As at 31 December 2013, the Group had land reserves with a total GFA of 17.82 million sq.m. with 14.75 million sq.m. equity-owned. Details of the public land auctions and equity acquisitions in 2013 and up to the date of this report are set out as follows:

1. *Public Land Auctions*

On 18 January 2013, Zhengzhou Jiandong Zhiye Company Limited* (鄭州建東置業有限公司), a 60%-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the south of Jicheng Road and the north of Shangde Street in Zhengzhou in a listing for sale process held by Zhengzhou City Land and Resources Bureau* (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB100 million. The land parcel has a site area of 13,159 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0.

On 25 January 2013, Yuzhou New Plaza Construction & Development Company Limited* (禹州新天地建設開發有限公司), a 75%-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at the north and south of Jianshe Road and the east of Hougong Road in Shenhou Town, Yuzhou City in a listing for sale process held by Yuzhou City Land and Resources Bureau* (禹州市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB4 million, RMB1 million and RMB5 million, respectively. Land parcel No. (2012)041 has a site area of 2,869 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5; land parcel No. (2012)042 has a site area of 475 sq.m. and a mandatory detailed planned plot ratio of 1.0– 1.5; land parcel No. (2012)043 has a site area of 3,471 sq.m. and a mandatory detailed planned plot ratio of 1.0–1.5.

Management Discussion and Analysis *(Continued)*

On 1 February 2013, Central China Tihome (Henan) Real Estate Company Limited* (河南建業泰宏置業有限公司), a subsidiary held as to 51% by the Company, acquired the land use rights of a land parcel located at the south of Ganqu South Road and both sides of Daxue South Road in Erqi District, Zhengzhou in a listing for sale process held by Zhengzhou City Land and Resources Bureau* (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB596 million. The land parcel has a site area of 194,170 sq.m. and a mandatory detailed planned plot ratio of not more than 3.5 for city and township residential sites and not more than 4.9 for commercial and service business sites in connection with commodity housing development.

On 27 February 2013, Shangqiu Central China Real Estate Company Limited* (商丘建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Guide Road and north of Songcheng Road in Shangqiu City in a listing for sale process held by Shangqiu City Land and Resources Bureau* (商丘市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB135 million. The land parcel has a site area of 75,245 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 20 March 2013, Anyang Central China City Construction Company Limited* (安陽建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the junction of Wenfeng East Road and Haixing Road in Anyang City in a listing for sale process held by Anyang City Public Resources Trading Centre* (安陽市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB106 million. The land parcel has a site area of 85,311 sq.m. and a mandatory detailed planned plot ratio of 1.5–3.0.

On 17 April 2013, Xinyang Central China Tianming Real Estate Company Limited* (信陽建業天明住宅建設有限公司), a 50%-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Ershier Avenue and north of Xinwu Road in Yangshan New District, Xinyang City in a listing for sale process held by Xinyang City Land and Resources Bureau* (信陽市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB116 million. The land parcel has a site area of 61,471 sq.m. and a mandatory detailed planned plot ratio of 2.2–2.8.

On 22 April 2013, Jiyuan Central China City Construction Company Limited* (濟源建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the northwestern end of the junction of Jidu Avenue and Wenchang Road in Jiyuan City in a listing for sale process held by Jiyuan City Land and Resources Bureau* (濟源市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB90 million and RMB101 million, respectively. Land parcel No. 2013-06 has a site area of 66,667 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2; land parcel No. 2013-07 has a site area of 74,582 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2.

Management Discussion and Analysis *(Continued)*

On 26 April 2013, Yanshi Central China City Construction Company Limited* (偃師建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located respectively at the east of Yingbin Road, south of Nanjing Road and west of Wenhua Road in Yanshi City in a listing for sale process held by Yanshi City Land and Resources Bureau* (偃師市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB47 million and RMB61 million, respectively. Land parcel No. 2013-06 has a site area of 35,126 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0; land parcel No. 2013-07 has a site area of 44,869 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 18 June 2013, Xiping Central China City Development Company Limited* (西平建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located respectively at the north of Zhongcheng Avenue, south of Weilai Avenue, west of Xuesong Road and east of Zijing Road in Xixin District, Xiping County in a listing for sale process held by Xiping County Public Resources Trading Centre* (西平縣公共資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB64 million, RMB56 million and RMB77 million, respectively. Land parcel No. XP-2013-1 has a site area of 44,556 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0; land parcel No. XP-2013-2 has a site area of 48,849 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0; land parcel No. XP-2013-3 has a site area of 66,664 sq.m. and a mandatory detailed planned plot ratio of 1.2–3.0.

On 19 June 2013, Xinyang Tianheng Real Estate Company Limited* (信陽天恒置業有限公司), a 50%-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of the north extension section of Xinliu Avenue in Yangshan New District, Xinyang City in a listing for sale process held by Xinyang City Land and Resources Bureau* (信陽市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB254 million. The land parcel has a site area of 198,681 sq.m. and a mandatory detailed planned plot ratio of 1.8-2.5.

On 18 July 2013, Hebi Central China Real Estate Company Limited* (鶴壁山城建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the south of Hongqi Road and the west of Shancheng Road in Hebi City in a listing for sale process held by Hebi City Land and Resources Bureau* (鶴壁市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB38 million. The land has a site area of 48,640 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.3.

Management Discussion and Analysis *(Continued)*

On 23 August 2013, Changge Central China City Development Company Limited * (長葛建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the north of Weier Road in Changge City in a listing for sale process held by Changge City Land and Resources Bureau* (長葛市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB58 million and RMB57 million, respectively. Land parcel No. 2013-16 has a site area of 42,000 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0; land parcel No. 2013-17 has a site area of 41,327 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0.

On 28 August 2013, Shangqiu Central China Real Estate Company Limited* (商丘建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the west of He Road, the south of Guihua Road and the north of Songcheng Road in Shangqiu City in a listing for sale process held by Shangqiu City Land and Resources Bureau* (商丘市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB76 million. The land parcel has a site area of 42,021 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.5.

On 9 September 2013, Pingdingshan Central China City Development Company Limited* (平頂山建業城市發展有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the northwestern end of the junction of Changan Avenue and Xiageng Road in Pingdingshan City in a listing for sale process held by Pingdingshan City Land and Resources Trading Centre* (平頂山市國土資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB93 million and RMB94 million, respectively. The first land parcel has a site area of 50,328 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0; the second land parcel has a site area of 52,642 sq.m. and a mandatory detailed planned plot ratio of not more than 2.5.

On 27 September 2013, Zhengzhou Central China Real Estate Company Limited* (鄭州建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east of Jinping Road and the north of Jinjiang Road in Shangjie District of Zhengzhou City in a listing for sale process held by Shangjie District Land and Resources Bureau* (鄭州市上街區國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB173 million. The land parcel has a site area of 161,298 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 25 October 2013, Pingdingshan Central China City Development Company Limited* (平頂山建業城市發展有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of three land parcels located at the northwestern end of the junction of Changan Avenue and Xiageng Road in Pingdingshan City in a listing for sale process held by Pingdingshan City Land and Resources Trading Centre* (平頂山市國土資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB63 million, RMB97 million and RMB91 million, respectively. The first land parcel has a site area of 40,690 sq.m. and a mandatory detailed planned plot ratio of not more than 1.5; the second land parcel has a site area of 43,477 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0; the third land parcel has a site area of 40,616 sq.m. and a mandatory detailed planned plot ratio of not more than 3.0.

Management Discussion and Analysis *(Continued)*

On 23 December 2013, Anyang Central China City Construction Company Limited* (安陽建業城市建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the junction of Wenfeng East Road and Haixing Road in Anyang City in a listing for sale process held by Anyang Public Resources Trading Centre* (安陽市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB194 million. The land parcel has a site area of 157,281 sq.m. and a mandatory detailed planned plot ratio of 1.5–3.0.

2. Equity acquisitions

On 3 April 2013, the Group entered into an investment cooperation agreement with Xuchang Hengda Real Estate Group Limited* (許昌恒達房地產集團有限公司) to acquire 60% equity interest in Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司) for an approximate consideration of RMB276 million. Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司) owns the land use rights of a land parcel located at Jinshui District, Zhengzhou City with a site area of 34,176 sq.m. and a mandatory detailed planned plot ratio of not more than 5.5.

On 25 September 2013, the Group entered into an investment cooperation agreement with Xinyang Yuantong Decoration Engineering Company Limited* (信陽元通裝飾工程有限公司) to acquire 60% equity interest in Henan Zhenghe Real Estate Development Company Limited* (河南政和房地產開發有限公司) for an approximate consideration of RMB35 million. Xinyang Yuantong Decoration Engineering Company Limited* (信陽元通裝飾工程有限公司) owns the land use rights of a land parcel located at the south of Shihe in Shihe District, Xinyang City with a site area of 205,045 sq.m..

3. Land reserves acquired after the reporting period

The Group acquired further land reserves after the reporting period but before the date of this report through public land auctions, details of which are set out as follows:

On 3 January 2014, Shangqiu Central China Real Estate Company Limited* (商丘建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the east to Guihua Road, west to Xueyuan Road, south to Yuhong Road and north to Houxun Road in Shangqiu City in a listing for sale process held by Shangqiu City Land and Resources Bureau* (商丘市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB76 million. The land parcel has a site area of 31,491 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

Management Discussion and Analysis *(Continued)*

On 8 January 2014, Jiaozuo Central China Real Estate Company Limited* (河南建業置地焦作有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the north of Guihua Longyuan Road, south of Taichi Sports Centre, west of Wengjian River and east of Sewage Treatment Plant in Jiaozuo City in a listing for sale process held by Jiaozuo City Public Resources Trading Centre* (焦作市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB511 million. The land parcel has a site area of 130,886 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.35.

On 17 January 2014, Puyang Central China City Construction Company Limited* (濮陽建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of two land parcels located at the north of Dianchang Road, the south of Zhannan Road, the west of Beiguan Road, the east of Huangbin Village in a listing for sale process held by Puyang County Real Estate Trading Centre* (濮陽縣地產交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were approximately RMB82 million and RMB103 million, respectively. Land parcel No. 2013-12 has a site area of 54,405 sq.m., a mandatory detailed planned plot ratio of 2.8–3.2 (for commercial and residential use) and a mandatory detailed planned plot ratio of 2.2–2.7 (for residential use); land parcel No. 2013-13 has a site area of 68,807 sq.m. and a mandatory detailed planned plot ratio of 2.8–3.2.

On 21 January 2014, Zhumadian Central China Real Estate Company Limited* (駐馬店建業住宅建設有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the southeastern end of the junction of Tongshan Avenue and Jinque Road in Zhumadian City in a listing for sale process held by Zhumadian City Public Resources Trading Centre* (駐馬店市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB99 million. The land parcel has a site area of 49,672 sq.m. and a mandatory detailed planned plot ratio of 2.8–4.5.

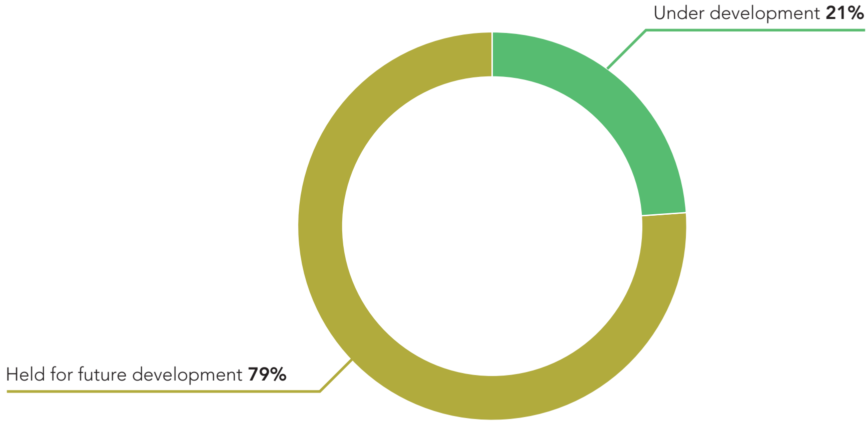
On 24 January 2014, Central China Real Estate Group (Lingbao) Company Limited* (建業住宅集團(靈寶)置業有限公司), a wholly-owned subsidiary of the Company, acquired the land use rights of a land parcel located at the northeastern end of the junction of Shuangtian Road and Chuangye Road in Lingbao City in a listing for sale process held by Lingbao City Real Estate Trading Centre* (靈寶市地產交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB39 million. The land parcel has a site area of 29,132 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.5.

Management Discussion and Analysis *(Continued)*

Distribution of land reserves

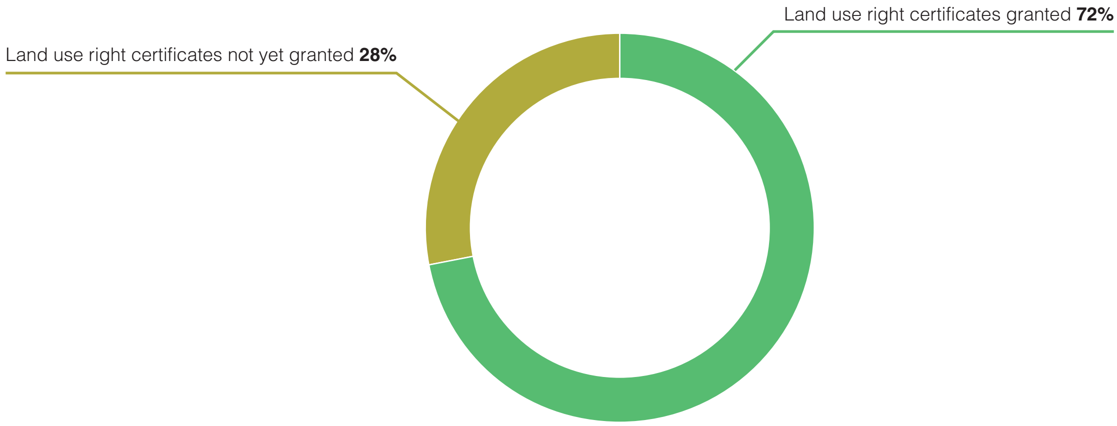
1. Distribution of the Company's land reserves by current development status

Fig: percentage of land under development and land held for future development to the Company's land reserves (as at 31 December 2013)



2. Distribution of the Company's land reserves by land use right certificates

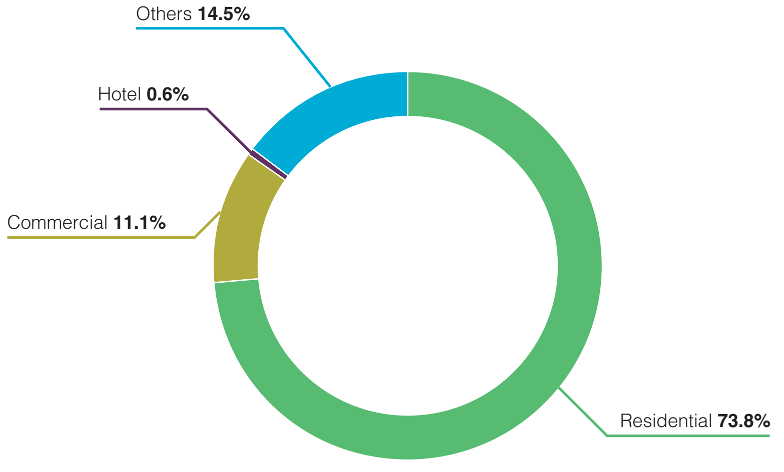
Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 31 December 2013)



Management Discussion and Analysis *(Continued)*

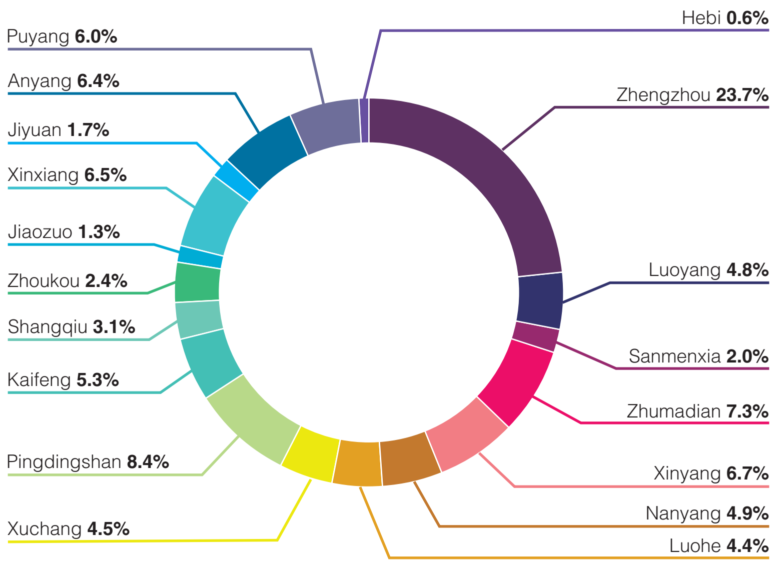
3. Distribution of the Company's land reserves by property types

Fig: Distribution of property types (as at 31 December 2013)



4. Distribution of the Company's land reserves by cities

Fig: Distribution of the Company's land reserves by cities (as at 31 December 2013)



Management Discussion and Analysis *(Continued)*

(IV) Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we continued to launch innovative products in traditional market in a bid to adapt to changing market and enhance the competitiveness of its products. With the implementation of our development strategies, the Company continued to drive the research and development of its fourth-generation products, large-scale urban complex (the series of Jianye Eighteen Cities) and large residential projects in suburban area during the reporting period, while progress was made on green architecture in a timely manner according to a planned schedule.

1. *Architectural design*

The Company has expanded its scope of design and management gradually with full implementation of our provincial strategy regime. To adapt to new landscape, the Company has upheld the principles of "delicacy, process streamlining and cost optimizing" on design during the reporting period, focusing on holistic control and coordination of, inter alia, design quality, design spotlight and new energy development. Not only could persistent enhancement of design management ensure smooth completion of every step of our projects, but effectively control design quality, allowing the Group's products generally to be in line with the state strategic directions of energy efficiency and emission reduction.

2. *Serialization and standardization of our Products*

During the reporting period, the Company firmly facilitated serialisation, standardisation and commercialisation of products. Serialisation, standardisation and commercialisation of products have been accelerated; supervision of the serialisation and standardisation has further been tightened during the year. Communications and feedback on serialisation and standardisation have optimized the outcome which has been consistently applied to other quality projects in Henan, pursuing excellence in our products.

In addition, outstanding results of our efforts in research, development and construction of the fourth-generation products of the Company under the name of "Tianzhu Project" have been achieved, providing increasingly diverse product lines.

3. *Application of green construction*

The Company has long been a champion of the "green, low-carbon and energy-saving" philosophy for property development, as underscored by its relentless efforts to drive the research and implementation of green architecture and fully-furnished houses. By maximising resources efficiency, environmental protection, minimising pollution and exploring new green philosophy and industrial development trend, we have created architecture in harmony with nature. During the reporting period, six of our projects in Zhengzhou, Nanyang, Anyang and Shangqiu were constructed in accordance with the green building standards in China, and we will further apply the green building standards to our projects in future.

Management Discussion and Analysis *(Continued)*

(V) Customer Service and Customer Relationship

In 2013, our efforts in implementing the strategy of "mega service regime" were paid off. The Company focused on **customer satisfaction** and **attention to customer needs** as two fundamental areas of concern with an aim to improve **service quality** and **service innovation**. With the core strategic aim of building a mega service regime, we adopted a series of measures, such as establishing "networking community" and launching a "CCRE Goodwill Visit" program, capitalising the Supreme Card (至尊卡) and 9617777 call centre and integrating the Group's service resources, to maintain a close relationship with our customers.

In relation to customer satisfaction, a professional survey consultant, who is a third party, has been commissioned for assessing customer satisfaction with our products and services, the Company has enhanced customer satisfaction progressively under planning with reference to the survey results. Furthermore, homebuyers have been provided pre-handover inspection prior to acceptance, such service is part of our internal supervision as well as accountability in customer services. In addition to enhancement of customer satisfaction, we are committed to providing flawless products which represent our brand, our strategies as well as services to our customers.

During the reporting period, the Company was also committed to improving its customer service standards, and all divisions of the Company were issued a standardised "Customer Service Manual" in the first half of the year. By integrating internal and external resources, such as community services, call centre, the Supreme Card, football, education, commerce, hotel, cultural travel and green base, the Company has provided and will provide our customers all kinds of services in respect of lifestyle, health, education, business travel and culture, in an attempt to enhance customer satisfaction on all fronts.

In connection with attention to customer needs, the Company has launched an internal-based community service project, a **model of cross-line innovative services** riding on the popular applications of the Internet of Things, Mobile Internet and smart terminals. Community residents were the target users of the project, integrating resources of mega service regime with relevant resources of house-owners, community and its periphery, providing our customers communication services and menu-driven convenience services. By trial of the project, the Company not only could upgrade the hardware standards of our products, but also create a sense of security, happiness and belonging to customers, satisfying their needs on all fronts and thus increasing their better life index significantly.

Meanwhile, the Company launched a "CCRE Goodwill Visit" program to show gratitude for our customers' support. As a key part and a bold trial of the mega service regime for expressing our gratitude to customers, approximately 300,000 customers in 60 districts spanning 18 cities throughout the province have been invited to join the program, providing them a pleasant experience. Such program has established the importance of word-of-mouth in building corporate image, exerting wide influence within and beyond the enterprise.

Management Discussion and Analysis *(Continued)*

BUSINESS OUTLOOK

(I) Market Outlook

1. *The macro-economic environment*

In 2014, the recovery of the global economy will be upset by a number of uncertainties and instabilities. Lately, the Chinese government has expressly stated to further open up its economy by intensifying reforms in all aspects, so as to maintain steady growth in economy. The Company expects China's economy will grow steadily in 2014.

With detailed implementation of three major national strategies, influx of large-scale cooperative projects and investments of leading companies, laying a more concrete foundation for Henan, leaving it a large room for further development and enhancing competitiveness and strengths for development in the region. The Company expects the growth of economy in Henan province will continue to be higher than the average of China in 2014.

2. *The property market*

As the PRC government has intensified reforms in all aspects and urged new type of urbanisation, market orientation will promote long-term healthy development of the property market in China. The Company expects the property market in China will maintain an upward trend in 2014 as a whole, but individual cities will be subject to risk exposure of short-term market fluctuation as a result of adjustment in home-purchase credit policy by financial institutions and on-going control measures on real estate market.

As a consequence of the unceasing economic growth and acceleration of urbanisation of Henan, the property market in the region has been flourished; rigid demand for housing has been pushed forward, bolstering the market to grow in the long run. The Company expects the property market in Henan province will continue to achieve fast yet steady growth in 2014.

(II) Business planning

In 2014, the Company will further emphasise on the planning of core markets, speed up innovation and upgrade of products, intensify establishment of services regime, enhance operation efficiency and accelerate turnover with an aim to achieve healthy and stable growth.

(1) In 2014, the Group expects to commence construction of a total of 43 projects or phases, with a GFA of 4,192,534 sq.m.

Geographical breakdown of commencement of construction in 2014

Location	GFA of new construction *(sq.m.)*
Zhengzhou	591,943
Other cities in Henan province	3,600,591
Total	**4,192,534**

Management Discussion and Analysis *(Continued)*

(2) Completion plan

The Group expects to complete 41 projects (phases) with an expected completed GFA of 2,378,437 sq.m. in 2014.

City	Project	Expected completed GFA *(sq.m.)*
Zhengzhou	Zhongmou Grange	14,140
Zhengzhou	Spring Time Phase I	32,965
Zhengzhou	Tianzhu Phase I	18,831
Zhengzhou	Zhengxi U-Town Phase I	99,698
Luoyang	Sweet-Scented Osmanthus Garden Phase I	133,248
Luoyang	Yanshi Forest Peninsula Phase I	69,906
Kaifeng	Dongjingmenghua — Wanshan Street	6,887
Kaifeng	Dongjingmenghua — Jiuqiaoli — Xili	5,292
Kaifeng	Dongjingmenghua — Banmuyuan — Dongyuan	50,942
Kaifeng	Dongjingmenghua — Banmuyuan — Xiyuan	11,043
Kaifeng	Dongjingmenghua — Jiuqiaoli — Dongli	5,520
Kaifeng	Dongjingmenghua — Qishengjiao	14,368
Luohe	Code One City Phase IV	70,527
Zhoukou	Forest Peninsula Phase IV	12,219
Zhoukou	Forest Peninsula Phase V	5,969
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden Phase II	60,239
Nanyang	Forest Peninsula Phase III	42,674
Nanyang	Forest Peninsula Phase IV	110,306
Xuchang	Forest Peninsula Phase III	100,271
Xuchang	Changge Sweet-Scented Osmanthus Garden Phase I	45,087
Xuchang	Yanling Eco-City Phase 1	110,399
Jiaozuo	Forest Peninsula Phase V	30,537
Pingdingshan	Wugang Forest Peninsula Phase II	48,740
Pingdingshan	Sweet-Scented Osmanthus Garden Phase II (Batch II)	107,890
Pingdingshan	Baofeng Forest Peninsula Phase I	50,245
Pingdingshan	Baofeng Forest Peninsula Phase II	53,403
Zhumadian	Eighteen Cities Phase I	46,835
Zhumadian	Eighteen Cities Phase II	79,592
Zhumadian	Suiping Forest Peninsula Phase I	28,405
Zhumadian	Suiping Forest Peninsula Phase II	27,534
Zhumadian	Xiping Forest Peninsula Phase I	50,710
Puyang	Sweet-Scented Osmanthus Garden Phase I	100,898
Anyang	Sweet-Scented Osmanthus Garden Phase I	73,630
Sanmenxia	Code One City Phase II	75,709
Sanmenxia	Lingbao Forest Peninsula Phase I	12,700
Xinyang	Pipashan Forest Peninsula Phase I	76,700
Xinyang	Code One City Phase I	94,468
Jiyuan	U-Town Phase I	107,262
Jiyuan	Code One City Phase IV	105,361
Hebi	Sweet-Scented Osmanthus Garden Phase I	116,987
Shangqiu	Eighteen Cities Phase I	61,000
Shangqiu	Zhecheng U-Town Phase I	9,299
Total		2,378,437

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW

Turnover: Our turnover increased by 9.5% to approximately RMB6,951 million in 2013 from approximately RMB6,346 million in 2012, primarily due to an increase in sold area in property sales and revenue from hotel operations.

- **Income from sales of properties:** Turnover from property sales increased by 9.0% to approximately RMB6,868 million in 2013 from approximately RMB6,302 million in 2012, due to a 11.3% increase in sold area to 1,261,691 sq.m. in 2013 from 1,133,485 sq.m. in 2012, but the average selling price decreased to RMB5,478 per sq.m. in 2013 from RMB5,667 per sq.m. in 2012. The decrease in average selling price was primarily the result of the change of the product mix.

- **Rental income:** Turnover from property leasing slightly increased to approximately RMB26 million in 2013 from approximately RMB24 million in 2012.

- **Revenue from hotel operation:** Turnover from hotel operation increased by 193.1% to approximately RMB57 million in 2013 from approximately RMB20 million in 2012. The increase was due to the opening of two hotels: *Four Points by Sheraton Luohe* and *Le Meridien Zhengzhou* in 2013.

Cost of sales: Our cost of sales increased by 11.8% to approximately RMB4,582 million in 2013 from approximately RMB4,100 million in 2012. The increase in cost of sales is in substantially line with the 11.3% increase in sold area in property sales as mentioned above.

Gross profit: As a result of the aforesaid changes in turnover and cost of sales, our gross profit increased by 5.5% to approximately RMB2,369 million in 2013 from approximately RMB2,246 million in 2012, while our gross profit margin decreased from 35.4% in 2012 to 34.1% in 2013.

Other revenue: Our other revenue increased by 43.7% to approximately RMB160 million in 2013 from approximately RMB111 million in 2012. This was primarily due to an increase in interest income from advances to our joint ventures.

Other net income/(loss): Our other net income was approximately RMB379 million in 2013 compared to other net loss of approximately RMB5 million in 2012. This net income in 2013 was primarily due to the gain on disposal of subsidiaries and a joint venture of RMB325 million and exchange gain of RMB78 million, as compared to a loss on deemed disposal of subsidiaries of RMB34 million and exchange gain of RMB13 million in 2012.

Selling and marketing expenses: Our selling and marketing expenses increased by 40.9% to approximately RMB313 million in 2013 from approximately RMB222 million in 2012. This increase was primarily due to increased advertising and promotional expenses associated with our new projects and hotel operation, and the increased salaries, other benefits and commissions paid to our sales and marketing staff.

General and administrative expenses: Our general and administrative expenses increased by 34.8% to approximately RMB537 million in 2013 from approximately RMB398 million in 2012. This increase was primarily due to an increase in salaries and other benefits paid to our administrative staff as well as depreciation of our fixed assets due to commencement of hotel operation.

Management Discussion and Analysis *(Continued)*

Other operating income: Other operating income amounted to approximately RMB80 million in 2013 compared to approximately RMB47 million in 2012. The increase was mainly due to an increase in the consultancy fee charged to joint ventures for managing their property projects. The increase in consultancy fee was the result of the increase in the area constructed by joint ventures in 2013, as compared with 2012.

Share of losses of associates: Our share of losses of associates increased by 51.3% to approximately RMB3 million in 2013 from approximately RMB2 million in 2012. The RMB3 million loss in 2013 primarily represented our share of loss for operating expenses incurred by St. Andrews Golf Club (Zhengzhou) Company Limited, one of our associates.

Share of profits less losses of joint ventures: Our share of profits less losses of joint ventures increased by 87.6% to approximately RMB601 million in 2013 from approximately RMB321 million in 2012, primarily due to an increase in the recognition of revenue of joint ventures, primarily including Henan Coal Chemical Central China Real Estate Development Investment Company Limited* (河南煤化建業房地產開發投資有限公司), Henan United New Town Real Estate Company Limited* (河南聯盟新城置業有限公司), Central China Real Estate Nanyang Company Limited* (建業住宅集團南陽置業有限公司) and Henan Yuanda Real Estate Company Limited* (河南遠達置業有限公司). The revenue of the Group's joint ventures amounted to approximately RMB5,985 million, representing sales of 669,644 sq.m. during 2013, in which revenue of RMB3,202 million, representing sales of 349,871 sq.m., was attributable to the Group.

Finance costs: Our finance costs increased by 203.4% to approximately RMB817 million in 2013 from approximately RMB269 million in 2012. This significant increase was primarily due to (1) the loss of RMB244 million in relation to the early redemption of the US$300 Million Senior Notes (as defined below) and (2) the interest expense in relation to the US$200 Million Senior Notes (as defined below) and the US$400 Million Senior Notes (as defined below) issued in 2013.

Net increase in fair value of investment properties: We recorded an increase of approximately RMB19 million in fair value of our investment properties in 2013, as compared to an increase of approximately RMB17 million in 2012.

Income tax: Income tax comprises corporate income tax, land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. Our income tax decreased by 12.5% from RMB976 million in 2012 to RMB855 million in 2013. Effective tax rate decreased from 52.8% in 2012 to 44.1% in 2013. The decrease in income tax and effective tax rate over this period was primarily due to decrease in gross profit margin and the provision reversal of LAT.

Profit for the year: As a result of the foregoing, our profit for the year increased by 24.7% to approximately RMB1,085 million in 2013 as compared to approximately RMB870 million in 2012.

Financial resources and utilisation: As at 31 December 2013, the Group's cash and cash equivalents amounted to approximately RMB4,813 million (31 December 2012: approximately RMB3,950 million). During the year, the Group distributed a final dividend of RMB160 million to the shareholders of the Company in relation to profit attributable to the year ended 31 December 2012 and an interim dividend of approximately RMB100 million in relation to profit attributable to the six months ended 30 June 2013.

Management Discussion and Analysis *(Continued)*

Structure of Borrowings and Deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the year, we successfully issued the US$200 Million Senior Notes (as defined below) at a coupon rate of 8.0% due 2020 and the US$400 Million Senior Notes (as defined below) at a coupon rate of 6.5% due 2018. As at 31 December 2013, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	**As at 31 December 2013** ***RMB'000***	As at 31 December 2012 *RMB'000*
Bank loans		
Within one year	**538,745**	675,000
More than one year, but not exceeding two years	**398,500**	412,000
More than two years, but not exceeding five years	**348,000**	447,500
Exceeding five years	**231,960**	62,000
	1,517,205	1,596,500
Other loans		
Within one year	**1,068,180**	739,702
More than one year, but not exceeding two years	**–**	868,980
More than two years, but not exceeding five years	**500,000**	47,000
	1,568,180	1,655,682
Convertible bonds		
Within one year	**641,458**	–
More than one year, but not exceeding two years	**–**	587,533
	641,458	587,533
Senior notes		
More than two years, but not exceeding five years	**3,243,818**	2,730,589
Exceeding five years	**1,212,025**	–
	4,455,843	2,730,589
Total borrowings	**8,182,686**	6,570,304
Deduct:		
Cash and cash equivalents	**(4,812,575)**	(3,949,775)
Restricted bank deposits secured bank loans	**–**	(106,951)
Net borrowings	**3,370,111**	2,513,578
Total equity	**6,699,847**	5,623,210
Net gearing ratio (%)	**50.3%**	44.7%

Management Discussion and Analysis *(Continued)*

Pledge of assets: As at 31 December 2013, we had pledged completed properties, properties under development, properties for future development, property, plant and equipment and bank deposits with an aggregate carrying amount of approximately RMB3,955 million (2012: approximately RMB3,803 million) to secure general bank credit facilities and other loans granted to us.

Financial guarantees: As at 31 December 2013, we provided guarantees of approximately RMB6,531 million (2012: approximately RMB6,094 million) to banks in favor of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our joint ventures. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB2,367 million as at 31 December 2013 (2012: approximately RMB767 million).

Capital commitment: As at 31 December 2013, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB4,697 million (2012: approximately RMB3,338 million), and we had authorised, but not yet contracted for, a further approximately RMB19,684 million (2012: approximately RMB17,094 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2013, our major non-RMB assets and liabilities are (i) bank deposits and borrowings and convertible bonds denominated in H.K. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. We are subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD. Our foreign currency hedging policy is stated in note 2 to the financial statements.

Interest rate risks: The interest rates for a portion of our loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. We currently do not use derivative instruments to hedge its interest rate risks.

Human resources and remuneration policy: As at 31 December 2013, we had 1,951 employees (31 December 2012: 1,489 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. We review our remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. Our policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this report, there was no significant labor dispute which had or might have an adverse impact on our business operations.

INVESTOR RELATIONS REPORT

Le Méridien Zhengzhou

Investor Relations Report

As the Group truly understands the importance of maintaining a valuable relationship with investors, media, and other stakeholders, the Investor Relations (IR) Department of the Group takes great importance in ensuring accurate and timely information is being passed to our investors, with the aim to maintain an effective mutual communication, to deepen understanding between both parties and to enhance transparency of the Group.

In addition, the IR Department is in strict compliance with the disclosure of non-selective information, notably with the timely distribution of Company's information through various channels, including interim and annual reports, press releases, monthly newsletters, monthly sales update and announcements, etc., which can all be accessed at the Company's website. Moreover, the Group often participates in one-on-one meetings, telephone or e-mail exchanges to interact with investors, engages in non-deal roadshows (NDRs), as well as joining conferences, to allow investors understand the development and strategic approach of the Group. The Group's unwavering efforts in enhancing transparency and maintaining a high level of corporate governance all these years have resulted in growing reputation for the Company in the investor community.

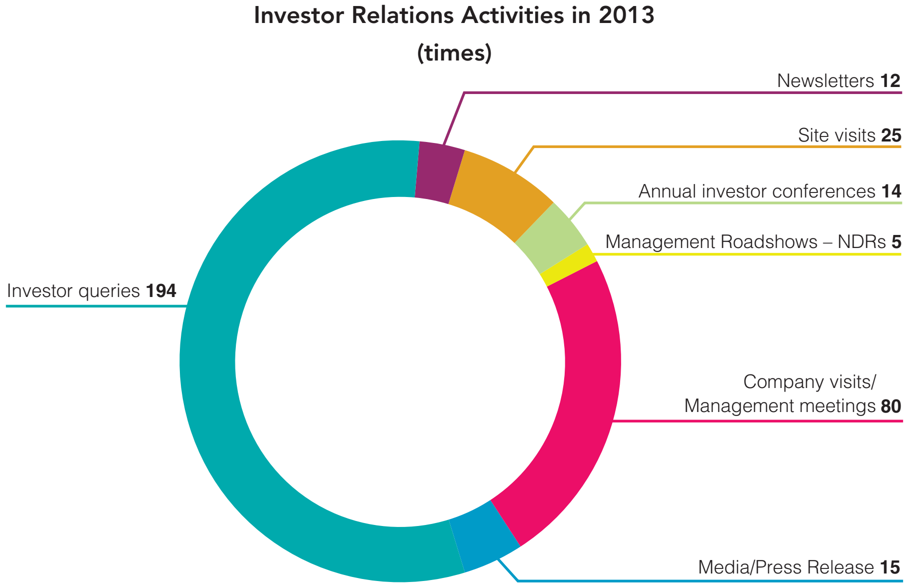
During the year under review, the Group proactively held and participated in various investor relations activities, including interim and annual results presentations, analysts meetings, and post-results roadshows in Australia, Singapore, Beijing, Shanghai, etc., as well as annual conferences hosted by investment banks and securities brokerages. Through the Group's hands-on approach towards active participation and promotion of the Company's results and future development, the Group has successfully enabled itself to be of significant importance in the capital market.

Investor Relations Report *(Continued)*

MAJOR INVESTOR RELATIONS ACTIVITIES OF THE GROUP IN 2013

Date	Conference	Organizer	Location
9 January 2013	DBS 2013 Pulse of Asia Conference	DBS Vickers	Singapore
9 January 2013	Credit Suisse Asian Real Estate Conference	Credit Suisse	Hong Kong
10–11 January 2013	2013 Guoyuan (Hong Kong) Strategy Conference (Theme: Property)	Guoyuan Securities	Hong Kong
14–15 January 2013	UBS Great China Conference	UBS	Shanghai
21 January 2013	US Dollar Bond Management Roadshow	HSBC JP Morgan Morgan Stanley UBS	Hong Kong
26–27 February 2013	JP Morgan 4th Annual GEM Corporate Conference	JP Morgan	Miami
26 March–4 April 2013	Post–Annual Results Management NDR	Deutsche Bank DBS Vickers	Hong Kong Singapore
23 April 2013	2013 DBS Vickers Pulse of Asia Conference	DBS Vickers	Hong Kong
25–26 April 2013	2013 HSBC 4th Annual Greater China Property Conference	HSBC	Hong Kong
22 May 2013	US Dollar Bond Management Roadshow	DBS Bank Deutsche Bank JP Morgan Morgan Stanley Nomura UBS	Hong Kong
3 July 2013	DBS Vickers Pulse of Asia Conference	DBS Vickers	Singapore
4 July 2013	Great China Property Corporate Day	BOA Merrill Lynch	Hong Kong
27–30 August 2013	Post–Interim Results Management NDR	DBS Vickers Standard Chartered Bank Deutsche Bank	Hong Kong Singapore
4–8 November 2013	BoAML China Conference	BOA Merrill Lynch	Beijing
12–13 November 2013	Citi China Investor Conference	Citi Group	Macau
14–15 November 2013	Morgan Stanley 12th Annual Asia Pacific Summit	Morgan Stanley	Singapore
27–28 November 2013	Nomura Annual Asian High Yield Corporate Day	Nomura	Hong Kong
3 December 2013	Great China Property Corporate Day	BOA Merrill Lynch	Hong Kong
18–19 December 2013	CCRE Management NDR	CCRE	Sydney
Total number of conferences and roadshows attended			**19**

Investor Relations Report *(Continued)*



PROSPECTS

The Group will continue to expand other aspects of investor relations while strengthening its existing foundations. The Group will further broaden our database to effectively enhance investors' understanding of the Group, in order to reflect the underlying value of the Company. Our management will adopt an objective approach to listen to the opinion from the market and maintain constant communication with investors to enhance the overall strength of the Group as well as corporate governance, proving to be beneficial to the Group's long–term development.

Luoyang Huayang Square


Zhengzhou Tianzhu


Xinyang South Lake No.1


Zhumadian Forest Peninsula

Corporate and Social Responsibility Report

1. SUSTAINABLE DEVELOPMENT

As a leader in Henan's property industry, the Company has drawn up the "CCRE Manifesto on Green Operation" in 2010, putting green architecture and full furbishing into practice, in order to achieve resources conservation, environmental protection and pollution reduction, in fulfillment of its corporate social responsibility. During the reporting period, the Company issued a comprehensive and detailed proposal to implement the practice of green architecture, and adopted national standards for green architecture in 6 projects located in Zhengzhou, Nanyang, Anyang, Shangqiu, among others. More elements of modern technology and green principles have been incorporated in our Tianzhu Project, the fourth-generation CCRE product with monumental significance, where duplex landscaping, reclaimed water and biochemical treatment of refuse are intensively applied and the standards of full furbishing are complied with. In the future, it is anticipated that these technologies will be largely duplicated into other projects, keeping in line with the general trend of the industry as well as the environmental needs of society and our clients.

2. ACTIVE PARTICIPATION IN CHARITY TO UPHOLD VALUE OF CONTRIBUTING TO THE SOCIETY

The Company always holds the philosophy that "enterprises are to the society what trees are to the earth" as its principle of social contribution. In recent years, the Company has become more determined in its corporate position as the facilitator of urbanization in central China and all-round social progress, devoted itself to the development of sports, culture, education and other public sectors in Henan.

In January 2013, the Company made a donation of RMB500,000 to Zhengzhou Charity Federation for aids and reliefs for minority groups and families at risk. In February, a sum of RMB1,000,000 was donated by the Company to China Population Welfare Foundation for its "Happy Bookstore Project". In response to the plea of "Infrastructure Construction of Matou, Shiudao County, New Kaifeng District" issued by the United Front Work Department, the Company made a monetary donation of a sum of RMB2,000,000 in December. Further, in the third year of operation of Henan Benyuan Humanities Charitable Foundation, its founder Mr. Wu Po Sum, our Chairman, made a further annual contribution of RMB1,000,000 for the operation and initiation of charitable projects such as Benyuan Community College and Benyuan Summer Camp. In the meantime, the Company donated RMB100,000 to SEE Ecological Association (阿拉善SEE生態協會) for the furtherance of the ecological projects of the association.

In the reporting period, the Company made a total of RMB4,600,000 donation to external parties, of which RMB1,000,000 was made by Mr. Wu Po Sum personally.

3. PROSPECT

With the ultimate goal of contributing to society and constructing our homeland, the Company is dedicated to the well-being of people in Henan, striving with a particular focus in environmental protection, community building, promotion of humanities education and aids for minority groups. As a leading property developer in Henan Province with a strong commitment to social responsibilities, we will continue to fulfill our parts. CCRE is truly leading on the path of charity and public interests.

Corporate and Social Responsibility Report *(Continued)*

Benyuan Community College

Volunteers from Benyuan Community College visited elderly home during Tuen Ng Festival

Visited and provided donations to the AIDS-affected village in Shangcai, Henan Province

Corporate and Social Responsibility Report *(Continued)*

4. CORPORATE HONOURS

January 2013

The lexical trademark "Central China" of the CCRE was recognised by Henan Administration for Industry and Commerce as "Henan's remarkable trademarks", in appreciation of which the Zhengzhou Government awarded the Company with RMB400,000.

February 2013

On 25 February, the People's Government of Henan Province issued Yu Zheng (2013) Notice No. 21, in which the list of the top 100 enterprises in Henan Province (by strength and benchmarks) in 2013 was announced. A subsidiary of the Group, Central China Real Estate Group (China) Company Limited, was named in the list and ranked 42nd, which was among the best of private companies, and the best in the real estate industry.

March 2013

The Top 500 Chinese Property Developers announcement news conference and Top 500 summit meeting of 2013 was held at China World Summit Wing. CCRE ranked 26th in the "2013 Top 500 Chinese Property Developers", and also topped the list of "Top 10 PRC Property Developers in Regional Operations" for five consecutive years.

April 2013

After integrating advice from the personnel of foreign investment institutes, Chinese Real Estate Journal determined its list of rankings of investment value. CCRE was named as a premium mainland real estate stock and ranked 4th in the "20 Mainland Real Estate Stock with Greatest Investment Value".

May 2013

On 23 May, according to the provisions set out in the Notice about Rating and Recognising Best Private Enterprises and Entrepreneurs of the Office of People's Government of Henan Province, CCRE was honoured with the title "Best Private Enterprise in Henan Province" and Mr. Wu Po Sum, our Chairman of the Board, was honoured with the title "Best Private Entrepreneur in Henan Province", as reviewed and approved by the People's Governments at county (district) and provincial or municipal levels and directly rated by provincial authorities.

May 2013

On 23 May, China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal Centre held the Rating Results of the Listed China Real Estate Companies presentation conference and the Emergent Listed Real Estate Companies forum in Beijing and Hong Kong. In the conference, the "Rating and Research Report on Listed China Real Estate Companies 2013" was released jointly with the "Rankings of Listed China Real Estate Companies 2013", where CCRE came 21st and was among the top five by operational efficiency.

September 2013

On 17 September, CCRE set another record and ranked 28th in the nation-wide ranking of "Assessment of China Real Estate Enterprises' brand values" at a news conference announcing the results of brand value assessment for real estate developers in China held at China World Summit Wing. Our consecutive first ranking among real estate companies of Henan is a clear demonstration of the recognition and approval from society in general for our brand establishment.

Corporate and Social Responsibility Report *(Continued)*

September 2013

CCRE's brand ranked first in "Top 10 central China Real Estate Companies by Brand Value" in an assessment conducted by the study group on top 10 China real estate companies jointly formed by the Enterprise Research Institute of the Development Research Centre of the State Council, Institute of Real Estates Studies of Qinghua University and China Index Academy.

November 2013

On 26 November, CCRE was named 19th in the top 100 Henan private companies assessed and announced by the Henan Union of Industry & Commerce, and continued to come first in the residential property industry.

December 2013

On 26 December, as revealed by the Economic Award of central China 2013 on the China Yellow River Fortune Forum, Mr. Wu Po Sum, our Chairman of the Board, was awarded the life achievement award of central China economy. As Mr. Wu Po Sum was the sole recipient of the most significant and only award in the realm of central China economy, the life achievement award is a clear proof of the approval from the public of Mr. Wu Po Sum as the exalted representative of Henan entrepreneurs, an award to symbolise the highest appreciation for the prolonged support for economic development in central China by a persistent man with wisdom. In the same occasion, Central China Real Estate Group (China) Company Limited, a subsidiary of the Group, was also awarded with one of the most respected 10 central China enterprises in 2013, and the brand of "CCRE" with top 10 leading brands in central China in 2013. Our Tianzhu Project was also named as the top 10 forerunning projects of central China urbanisation.

Shangqiu U-Town

Pingdingshan Forest Peninsula

Jiyuan Forest Peninsula

Four Points By Sheraton Luohe

Corporate Governance Report

CORPORATE GOVERNANCE

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices. For the year ended 31 December 2013, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange with the exception of code provisions A.4.1, A.6.7 and E.1.2 as addressed below.

1. Code provision A.4.1 — This code provision stipulates that all non-executive Directors should be appointed for a specific term, subject to re-election.

   Mr. Hu Yongmin ("Mr. Hu"), a non-executive Director, was not appointed for a specific term. Mr. Hu was nominated by an investor who subscribed for convertible bonds and warrants issued by the Company on 31 August 2009 to the Board and was appointed as a non-executive Director on 3 September 2009. No service contract was entered into between Mr. Hu and the Company and he did not and will not receive any remuneration as a non-executive Director from the Company. The said investor will continue to have the right to nominate a person to be appointed as a non-executive Director as long as it has an interest in 5% or more of the issued share capital of the Company.

   Save for Mr. Hu, all other non-executive Directors and independent non-executive Directors were appointed for a specific term. Since all Directors (including Mr. Hu) are subject to re-election by shareholders of the Company at annual general meetings and at least once every three years on a rotation basis in accordance with the articles of association of the Company, the Company considers that there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

2. Code provision A.6.7 — This code provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

   All Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

   Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wu Wallis (alias Li Hua), all being non-executive Directors, and Mr. Wang Shi and Mr. Xin Luo Lin, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 20 May 2013 (the "2013 AGM") as they were out of town for other businesses. Mr. Wang Shi subsequently resigned as an independent non-executive Director with effect from 31 July 2013.

3. Code provision E.1.2 — This code provision requires the Chairman to invite the chairmen of the audit, remuneration and nomination committees to attend the annual general meetings.

   Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2013 AGM as he was out of town for other business.

   In his absence, the other members of the remuneration committee, Mr. Wu Po Sum and Mr. Cheung Shek Lun, attended the 2013 AGM and answered questions raised at the meeting.

Corporate Governance Report *(Continued)*

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the year ended 31 December 2013, except for the following deviations:

Model Code Provision A.3(a)

This code provision stipulates that a director must not deal in any securities of the listed issuer on any day which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results.

The Company published its annual results for the financial year ended 31 December 2012 on 25 March 2013 and therefore, the Directors were not permitted to deal in any securities of the Company during the period commencing from 24 January 2013 until 25 March 2013 (the "Black-out Period").

On 4 February 2013, each of Mr. Leow Juan Thong Jason ("Mr. Leow") (a non-executive Director) and Mr. Lucas Ignatius Loh Jen Yuh ("Mr. Loh"), the alternate director to Mr. Lim Ming Yan (a non-executive Director), purchased US$250,000 of the US$200 Million Senior Notes. As the US$200 Million Senior Notes are listed on the Singapore Exchange Securities Trading Limited and the said purchases were made within the Black-out Period, the purchases of the US$200 Million Senior Notes by both Mr. Leow and Mr. Loh are regarded as deviations from Model Code Provision A.3(a).

BOARD OF DIRECTORS

The Board, which is chaired by Mr. Wu Po Sum, consists of two executive Directors and seven non-executive Directors, three of whom are independent non-executive Directors. The composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of the Group and the exercising of independent opinion.

The Directors who held office during the year and up to the date of this report include:

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Ms. Yan Yingchun

Non-executive Directors

Mr. Lim Ming Yan *(Vice-chairman)* (with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Ms. Wu Wallis (alias Li Hua)
Mr. Hu Yongmin

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi (resigned on 31 July 2013)
Mr. Xin Luo Lin
Mr. Muk Kin Yau (appointed on 1 August 2013)

Corporate Governance Report *(Continued)*

Ms. Wu Wallis (alias Li Hua) is the daughter of Mr. Wu Po Sum. Save as disclosed, there is no family or other material relationship among the members of the Board. The biographical details of the Directors are set out on pages 49 to 52 of this report.

All executive Directors and non-executive Directors (except Mr. Hu Yongmin) have entered into service contracts with the Company for a specific term of three years. Under the articles of association (the "Articles of Association") of the Company, the Board is empowered to appoint any person as a Director to fill the casual vacancy on the Board or as an additional Director.

In compliance with Rules 3.10 and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors (representing one-third of the Board), one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the three independent non-executive Directors has confirmed his independence of the Company and the Company considers each of them to be independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the three independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

Pursuant to the Articles of Association, at least one-third or, if the number is not a multiple of three, the nearest to one-third, of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting of the Company once every three years. In accordance with article 87 of the Article of Association, Ms. Yan Yingchun, Mr. Leow Juan Thong Jason and Mr. Cheung Shek Lun will retire and, being eligible, will offer themselves for re-election at the 2014 AGM. Mr. Muk Kin Yau, who was appointed as an independent non-executive Director with effect from 1 August 2013 to fill a casual vacancy on the Board, is also required to retire pursuant to article 86(3) of the Articles of Association and, being eligible, will offer himself for re-election at the 2014 AGM. All other Directors will continue in office.

All Directors have given sufficient time and attention to the affairs of the Group and in particular, the independent non-executive Directors have provided the Board with their diversified expertise and professional advices. The Board is of the view that there is a balanced composition of executive, non-executive and independent non-executive Directors in the Board and the independent non-executive Directors are able to provide sufficient checks and balances to safeguard the interests of the shareholders of the Company (the "Shareholders") and the Group. The participation of the independent non-executive Directors in the Board and committee meetings also provides independent judgment on the issues relating to strategy, policy, performance, accountability, conflict of interest and standards of conduct.

The Board members have access to timely information relating to the Group's business and will be provided with further documents and information upon request to enable them to make informed decisions. Independent professional advice can be sought to discharge their duties at the Group's expense upon their request. No such advice was sought during 2013.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

RESPONSIBILITY OF THE BOARD

The Board is in charge of leadership and control of the Group and is responsible for maximising the Group's financial performance and making decisions in the best interests of the Group and its Shareholders. Under the leadership of Mr. Wu Po Sum, the chairman of the Board (the "Chairman"), the Board is also responsible for formulating and overseeing the business strategies and policies of the Group, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, reviewing and monitoring the Group's financial control and risk management systems. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

Corporate Governance Report *(Continued)*

BOARD MEETINGS AND GENERAL MEETING

The Board holds meetings regularly and meets at other times as and when required to review financial, internal and compliance controls, risk management, company strategy and operating performance of the Group. In addition, the Board holds general meeting to maintain an on-going dialogue with the Shareholders. For the year ended 31 December 2013, the Board held 4 regular meetings, 7 ad hoc meetings and 1 general meeting.

The number of Board meetings, committee meetings and general meeting attended by each Director from 1 January 2013 to 31 December 2013 is set out in the following table:

Directors	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meeting	General Meeting
Number of meetings held	***11***	***2***	***2***	***1***	***1***
Mr. Wu Po Sum	10/11		2/2	1/1	1/1
Ms. Yan Yingchun	11/11				1/1
Mr. Lim Ming Yan*	11/11				0/1
Mr. Leow Juan Thong Jason	10/11	2/2			0/1
Ms. Wu Wallis (alias Li Hua)	0/11				0/1
Mr. Hu Yongmin	9/11				0/1
Mr. Cheung Shek Lun	10/11	2/2	2/2	1/1	1/1
Mr. Wang Shi (resigned on 31 July 2013)	1/8				0/1
Mr. Xin Luo Lin	9/11	1/2	1/2	1/1	0/1
Mr. Muk Kin Yau (appointed on 1 August 2013)	3/3				0/0

* Mr. Lucas Ignatius Loh Jen Yuh (Alternate Director of Mr. Lim Ming Yan) attended 2 Board meetings on behalf of Mr. Lim Ming Yan.

Sufficient notice for regular Board meetings and reasonable notice for ad hoc Board meetings were given to all Directors so as to ensure that each of them had an opportunity to attend the meetings, and agenda and accompanying Board papers were given to all Directors in a timely manner. As agreed by the Board, the Directors may also seek independent professional advice at the Company's expense. No such advice was sought during 2013. During the intervals between Board meetings, the senior management of the Company provides the Directors with information on a timely basis regarding all major developments or changes in the Group's businesses.

Should a Director have a potential conflict of interest in a matter being considered in the Board meeting, he or she will abstain from voting in respect of the relevant resolution. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such issues.

Full Board or committee papers will be sent to all Directors at least three days before the intended date of a Board meeting or committee meeting.

Management has supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management is also invited to join the Board or committee meetings where appropriate.

Corporate Governance Report *(Continued)*

All the Directors are also entitled to have access to timely information such as monthly updates in relation to our businesses and have separate and independent access to senior management.

DIRECTORS' TRAINING

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year, the Company Secretary regularly circulated reading materials on the amendments to or updates on the relevant laws, rules and regulations to all Directors as part of their training materials in the continuous professional development plan of the Company and the Company confirmed that all Directors read the training materials.

In addition, every newly appointed Director will receive an induction on the first occasion of his appointment, so as to ensure that he has a proper understanding of the operations and business of the Company, and his or her responsibilities under laws, regulations and especially the governance policies of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer are currently two separate positions held by Mr. Wu Po Sum and Mr. Chen Jianye respectively with clear distinction in responsibilities.

Mr. Wu Po Sum, being the Chairman, is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Group, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at the Board meetings are explained appropriately.

Mr. Chen Jianye, being the Chief Executive Officer, is responsible for the daily operations of the Group and the implementation of business policies, objectives and plans as formulated and adopted by the Board, and is accountable to the Board for the overall operation of the Group.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment of the Group's performance, position and prospects in the consolidated financial statements of the annual and interim reports in accordance with statutory requirements and applicable accounting standards. Pursuant to Code Provision C.1.1 of the Corporate Governance Code, management would provide such explanation and information to the Board as will enable the Board to make an informal assessment of the financial and other information put before the Board for approval. The Directors confirm that, to the best of their knowledge, information and relief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

In preparing the financial statements for the year ended 31 December 2013, the Directors have selected appropriate accounting policies and applied them consistently, and have made judgments and estimates that are prudent and reasonable.

The Group has announced its annual and interim results in a timely manner within the limits of three months and two months respectively after the end of the relevant financial periods, as laid down in the Listing Rules.

Corporate Governance Report *(Continued)*

INTERNAL CONTROL

The Board has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and Shareholders' interests, review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

The Group's internal control system comprises, among others, the relevant financial, operational and compliance controls and risk management procedures, a well-established organisational structure with clearly defined lines of responsibility and authority. Each department is accountable for its daily operations and is required to implement the business strategies and policies adopted by the Board from time to time.

The Board conducted a review and assessment of the effectiveness of the Group's internal control system and procedures for the year ended 31 December 2013 by way of discussions with the management of the Group, members of the audit committee (the "Audit Committee") and external independent auditors. The Board believes that the existing internal control system is adequate and effective. The Board also reviewed the resources, qualification and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget and was satisfied with their adequacy.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") to oversee the relevant aspects of the Company's affairs. The three Board committees are provided with sufficient resources to discharge their duties.

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

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

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

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

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

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

AUDIT COMMITTEE

In compliance with Rule 3.21 of the Listing Rules, the Audit Committee was established on 14 May 2008. The Audit Committee comprises three members, namely Mr. Cheung Shek Lun (the chairman of the Audit Committee), Mr. Xin Luo Lin and Mr. Leow Juan Thong Jason during the year ended 31 December 2013. None of them is a member of the former or existing auditors of the Company. The Board is of the view that the members of the Audit Committee have sufficient accounting and financial management expertise and experience to discharge their duties. However, the Audit Committee is authorised to obtain external legal or other independent professional advice if it considers necessary.

Corporate Governance Report *(Continued)*

The Audit Committee has written terms of reference in accordance with the Corporate Governance Code. The principal functions of the Audit Committee include:

- To make recommendations to the Board on the appointment, reappointment and removal of external independent auditors and to approve the remuneration and terms of such appointments;
- To review and monitor the independence and objectivity of the external independent auditors and effectiveness of the audit process in accordance with applicable standards;
- To review the Company's financial controls, internal control and risk management systems and other major financial matters;
- To review the Group's financial and accounting policies and practices, and to monitor the Company's financial operation and core business status;
- To ensure that the management has fulfilled its duty to maintain an effective internal control system;
- To ensure compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board from time to time; and
- To review and monitor the integrity of the financial statements, annual and interim reports and the auditor's report to ensure that the information presents a true and balanced assessment of the Group's financial position.

The Audit Committee held two meetings during 2013 and conducted the following activities:

(i) reviewed the Group's financial results for the year ended 31 December 2012 and interim results for the six months ended 30 June 2013;

(ii) reviewed the audit plans and findings of the external auditor;

(iii) reviewed the internal control and financial matters pursuant to its terms of reference; and

(iv) made recommendation to the Board on the re-appointment of the external auditor and their remuneration.

The Audit Committee also met with the auditor annually in the absence of management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

For the year ended 31 December 2013, the external independent auditors' remuneration in respect of audit services provided to the Group amounted to approximately RMB3.7 million. During the year, service fee to external independent auditor for the issue of the US$200 Million Senior Notes (as defined below) and the US$400 Million Senior Notes (as defined below) amounted to RMB300,000 and RMB320,000 respectively.

The Company's annual results announcement dated 26 March 2014 for the year ended 31 December 2013 has been reviewed by the Audit Committee.

Corporate Governance Report *(Continued)*

NOMINATION COMMITTEE

The Nomination Committee was established on 29 March 2012 with written terms of reference as suggested under the code provision in the Corporate Governance Code. The Nomination Committee comprises three members, namely Mr. Wu Po Sum (the chairman of the Nomination Committee), Mr. Cheung Shek Lun and Mr. Xin Luo Lin, a majority of whom are independent non-executive Directors.

The primary duties of the Nomination Committee include: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and to make recommendations to the Board regarding any proposed changes to the Board for conforming to the strategy of the Company; (ii) identifying and nominating qualified individuals to act as Directors and to make recommendations to the Board regarding such matters; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board regarding the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman and the Chief Executive Officer; and (v) reviewing the Board Diversity Policy (as defined below), and the implementation of the progress targets set by such policy.

The chairman of the Nomination Committee shall attend the annual general meeting of the Company to answer the questions raised by the Shareholders on Director's nomination and other nomination policy matters.

The Nomination Committee held two meetings during 2013 and conducted the following activities:

(i) reviewed the nomination policy of the Directors;

(ii) reviewed the reappointment of Directors at the 2013 AGM;

(iii) assessed the independence of independent non-executive Directors;

(iv) reviewed the revised terms of reference of the Nomination Committee; and

(v) endorsed the board diversity policy (the "Board Diversity Policy").

The Company has adopted the Board Diversity Policy with effect on August 2013 which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

On recommendation from the Nomination Committee, the Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Corporate Governance Report *(Continued)*

REMUNERATION COMMITTEE

The Remuneration Committee was established on 14 May 2008 with written terms of reference as suggested under the code provision in the Corporate Governance Code. The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Mr. Xin Luo Lin (the chairman of the Remuneration Committee) and Mr. Cheung Shek Lun, and the Chairman and an executive Director, Mr. Wu Po Sum, during the year ended 31 December 2013.

The primary duties of the Remuneration Committee include (but not limited to) (i) making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the terms of the specific remuneration package of individual executive Directors and senior management; and (iii) reviewing and approving remuneration proposal by reference to corporate goals and objectives resolved by the Directors from time to time.

The amount of the executive Directors' remuneration is determined by the Remuneration Committee on the basis of the relevant executive Directors' experience, responsibility, workload and the time devoted to the Group. The entire Directors' remuneration is reviewed by the Remuneration Committee from time to time.

The Remuneration Committee may also consult the Chairman on proposals relating to the remuneration of other executive Directors and has access to professional advice if necessary.

The Remuneration Committee held one meeting during 2013 and conducted the following activities:

(i) reviewed the remuneration policy of the Group and Directors' remunerations; and

(ii) reviewed and approved the remuneration package of individual executive Directors and senior management.

To comply with the Listing Rules, Mr. Xin Luo Lin, an independent non-executive Director, was appointed as the chairman of the Remuneration Committee.

COMPANY SECRETARY

In compliance with Rule 3.28 of the Listing Rules, the Company Secretary is a full time employee and has the day-to-day knowledge of the Company's affairs. The Company Secretary is responsible for advising the Board on corporate governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Corporate Governance Report *(Continued)*

Procedures for Shareholders to Convene an Extraordinary General Meeting and to Put Forward Proposals Thereat

The following procedures for the Shareholders to convene an extraordinary general meeting are prepared in accordance with Article 58 of the Articles of Association:

(1) One or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall 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 such requisition.

(2) The requisition must state the objects of the meeting, and must be signed by the Shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

(3) The requisition shall be made in writing to the Board or the Company Secretary via mail to the Company's principal place of business in Hong Kong at Room 7701B–7702A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

(4) The extraordinary general meeting shall be held within two months after the deposit of the requisition.

(5) If the Directors fail to proceed to convene the extraordinary general meeting within twenty-one (21) days of the deposit of such requisition, the Shareholder(s) himself or themselves may do so in the same manner, and all reasonable expenses incurred by him/her/them as a result of the failure of the Board shall be reimbursed to the shareholder(s) by the Company.

Proposals for Proposing a Person for Election as a Director

Subject to applicable laws and regulations, including the Companies Law of the Cayman Islands, the Listing Rules and the Articles of Association as amended from time to time, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

A Shareholder may propose a person (the "Person") for election as a Director by lodging the following documents at the Company's place of business in Hong Kong at Room 7701B-7702A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong:

(1) a notice in writing signed by the Shareholder concerned of his/her/its intention to propose the Person as a Director with full particulars of the Person including his/her full name and biographical details as required under Rule 13.51(2) of the Listing Rules; and

(2) a notice in writing signed by the Person of his/her willingness to be elected as a Director.

Such notices shall be lodged at least seven (7) days prior to the date of the general meeting and the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) days in length.

Corporate Governance Report *(Continued)*

Procedures for Raising Enquiries

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy:

(1) Shareholders may direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited.

(2) Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary or the Chief Financial Officer whose contact details are as follows:

Central China Real Estate Limited
Room 7701B-7702A,
77th Floor, International Commerce Centre,
1 Austin Road West,
Kowloon, Hong Kong
Telephone: (852) 2620 5233
Fax: (852) 2620 5221
Email: general@centralchina.com

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

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

The Company's Memorandum of Association and Articles of Association is available on both the websites of the Company and the Stock Exchange. There had been no changes in the constitutional documents of the Company during the year ended 31 December 2013.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The major task and objective of the Group's investor relations is to clearly introduce the Group, including the business positioning, existing operations and future development of the Group, to the media, Shareholders, investors, analysts and investment banks through different communication channels. In future, the Group shall further enhance communication with the media, Shareholders, investors, analysts and investment banks on various aspects such as development strategies, operation and management, financial prospects and business operation through meetings, senior management's participation in investor forums, conferences and roadshows. The Group is confident in establishing and maintaining a good relationship with the international capital institutions through the continued enhancement of information transparency.

The Group emphasises the importance of maintaining good communication with the Shareholders, so as to increase the Company's transparency and understanding by the Shareholders. To enable that the Shareholders are effectively informed of the Group's status and developments, the Group issues announcements, circulars, notices, interim and annual reports in a timely manner. To enhance the Company's transparency, other information about the Company is published on the Company's website.

The Company's annual general meetings allow the Directors to meet and communicate with the Shareholders and to answer any queries that the Shareholders may have. An external independent auditor is also present at the annual general meetings. The Chairman will propose separate resolutions for each issue to be considered at the annual general meetings. A notice of annual general meeting is delivered to all Shareholders at least 20 clear business days prior to the date of the meeting, setting out details of each proposed resolution and other information. Voting results are posted on the websites of the Company and of the Stock Exchange.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Wu Po Sum (formerly known as Hua Jianming), aged 63, is an executive Director, the Chairman of the Board of the Company and the founder of the Group. He is also a director of a number of subsidiaries of the Company. Mr. Wu is responsible for the formulation of development strategies, making decisions on investment projects and development directions of the Group. He graduated from Zhengzhou University majoring in English in 1979 and completed the CEO Program for China in China Europe International Business School on 27 March 2005. Mr. Wu is the father of Ms. Wu Wallis (alias Li Hua), a non-executive Director.

Mr. Wu has over 21 years of experience in real estate development and investment. He started his career with China Textile Import and Export Corporation Henan Branch in 1979. From 1982 to 1985, Mr. Wu was sent by the Department of Foreign Trade of Henan Province to work in Hong Kong. From 1985 to 1986, he was the assistant general manager of Central China International Economic Trade Company Limited ("CCIET"). From 1986 to 1988, Mr. Wu worked as the president and the general manager in Guoguang Industrial Company Limited, a subsidiary of CCIET. From 1988 to 1991, Mr. Wu served as the assistant general manager and the general manager in Central China International (Group) Limited and Central China Overseas Development Company Limited, respectively. He then entered the PRC real estate market in May 1992, when he laid the foundation for the Group and established the "Jianye" ("建業") brand name. Mr. Wu devotes himself not only to the development of the Group's business, but also to public services and promoting the PRC real estate industry.

Mr. Wu has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Yan Yingchun, aged 54, is an executive Director and the head of the Board's office of the Company. She is also a director of a number of subsidiaries of the Company. Ms. Yan is responsible for the day-to-day operation of the Board and internal audit of the Group. She obtained a Diploma of Accounting from Zhongnan Financial and Economic University in 1986 and qualified as a senior accountant in the PRC in 2000. Ms. Yan has over 21 years of experience in financial management. Before joining the Group in February 1992, she worked in the financial section of Zhengzhou Hardware and Electric Appliance Company Limited as the deputy manager from 1985 to 1988. From 1988 to 1991, Ms. Yan served as the deputy general manager of the finance department of Central China Overseas Development Company Limited. She has served in the posts of finance manager, human resources manager, assistant to general manager, accountant in chief, vice-president and chief financial officer of Central China Real Estate Group (China) Company Limited since joining the Group.

Ms. Yan has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Director's report in this annual report.

Profile of Directors and Senior Management *(Continued)*

NON-EXECUTIVE DIRECTORS

Lim Ming Yan, aged 51, is the vice-chairman of the Board and a non-executive Director of the Company. He is also a director of a number of subsidiaries of the Company. Mr. Lim is the president and the group chief executive officer of CapitaLand Limited. He is a director of the boards of CapitaLand Limited ("CapitaLand") and CapitaMalls Asia Limited, a listed subsidiary of CapitaLand that operates shopping malls. He is also the deputy chairman of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Ascott Residence Trust Management Limited.

Mr. Lim is a board member of the Building and Construction Authority of Singapore, a director of Business China, an organisation that promotes bilingualism and biculturalism between Singapore and China, as well as a board member of the Singapore Tourism Board.

Mr. Lim was the chief operating officer of CapitaLand from May 2011 to December 2012 and the chief executive officer of The Ascott Limited ("Ascott") from July 2009 to February 2012. Prior to joining Ascott, Mr. Lim was the chief executive officer of CapitaLand China Holdings Pte Ltd from November 2000 to June 2009, responsible for developing CapitaLand into a leading foreign real estate developer in China.

Mr. Lim obtained first class honours in Mechanical Engineering and Economics from the University of Birmingham, United Kingdom in 1985. He attended the Advanced Management Program at Harvard Business School in 2002.

Mr. Lim has interests in the debentures of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Mr. Lucas Ignatius Loh Jen Yuh was appointed as Mr. Lim's alternate Director on 22 March 2010.

Leow Juan Thong Jason, aged 47, is a non-executive Director of the Company. He is also a director of a number of subsidiaries of the Company. Mr. Jason Leow is the chief executive officer of CapitaLand China and the chief executive officer of CapitaLand Group in China, responsible for coordinating all the businesses in China.

CapitaLand China is a wholly owned subsidiary of CapitaLand Limited. It has been a long-term developer of premier residences, commercial properties and mixed developments since 1994.

Mr. Leow joined CapitaLand Group in 1994 and has over 20 years of experience in real estate investment. From May 1994 to September 2001, he was a vice president (business development) of The Ascott Limited, in charge of investments and asset management of serviced residences in China. In 2001, Mr. Leow joined CapitaLand China and successfully led the investments and developments of a few residential and commercial projects in Shanghai. In 2005, Mr. Leow was promoted to the deputy chief executive officer of CapitaLand China.

Prior to joining CapitaLand Group, Mr. Leow was a senior financial analyst at ST Aerospace Ltd. He worked at DBS Finance Ltd for three years.

Mr. Leow is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Singapore. He obtained EMBA from Fudan University and attended the Advanced Management Program at Harvard Business School in 2007.

Profile of Directors and Senior Management *(Continued)*

Mr. Leow is currently a non-executive director of Lai Fung Holdings Limited, a company listed on the Stock Exchange.

Mr. Leow has interests in the debentures of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Wu Wallis, alias Li Hua, aged 32, is a non-executive Director. She is also a director of a number of subsidiaries of the Company. Ms. Wu obtained a bachelor degree in Architecture from the University of New South Wales in Australia in 2006, and a Master of Applied Finance degree from Macquarie University in 2007. Before joining the Group in 2006, she worked in Woodhead International (Beijing) and Banatex Architects Pty Ltd in Sydney Australia in 2005. Ms. Wu is the daughter of Mr. Wu Po Sum, an executive Director and the Chairman of the Board.

Ms. Wu has interests in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Hu Yongmin, aged 43, is a non-executive Director. Graduated from Fudan University, he is one of the co-founders and managing director of FountainVest China Growth Fund ("FountainVest"). Prior to the founding of FountainVest, Mr. Hu was a managing director of Temasek Holdings. He was also a member of Temasek's global investment committee, and head of its real estate investment. Previously an investment banker, Mr. Hu was a director and head of china telecom, media and technology investment banking for Credit Suisse and Shanghai Chief Representative for Bear Stearns. He was a non-executive director of Hopson Development Holdings Limited, a company listed on the Stock Exchange, from November 2005 to November 2006. Mr. Hu is currently a non-executive director of L.K. Technology Holdings Limited, a company listed on the Stock Exchange, and an independent director of Home Inns & Hotels Management Inc., a company listed on National Association of Security Dealers Automated Quotations (NASDAQ).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cheung Shek Lun, aged 53, is an independent non-executive Director. He obtained a Bachelor Degree in Business Administration from the Chinese University of Hong Kong in 1986, a bachelor degree in Business from the University College of Southern Queensland in 1990, and a bachelor degree in Law from the University of Wolverhampton in 2002. Mr. Cheung worked as an assistant assessor in the Inland Revenue Department of the Hong Kong government from November 1986 to January 1989, an accountant in Hong Kong Telephone Company Limited from July 1989 to April 1990, an accounting manager, group senior vice president — accounting and other positions of Fortune (Shanghai) Limited from May 1990 to September 2006, and a senior executive of T.C.C. International Limited from October 2006 to October 2007 and the vice-chairman of InsiteAsset Management Group Ltd. since September 2008. He is currently a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants, a member of the Chartered Institute of Management Accountants, a member of the Institute of Chartered Secretaries and Administrators in the UK and a member of The Hong Kong Institute of Chartered Secretaries.

Xin Luo Lin, aged 64, is an independent non-executive Director. He was a postgraduate from the Beijing University in the PRC. Mr. Xin was a visiting scholar at the Waseda University, Japan between 1980 and 1983, an honorary research associate at the University of British Columbia, Canada during 1983 and 1984 and a visiting fellow at the Australia National University, Australia in 1985. He is an independent investor with over 22 years of experience in investment banking in the PRC, Hong Kong and Australia. Mr. Xin was a senior advisor to Potter Warburg, Australia from 1985 to 1989 and to Citic-Hambros, Australia, from 1995 to 1997, respectively. He is a Justice of Peace in New South Wales of Australia. Mr. Xin was a non-executive director of Sino-Tech International Holdings Limited, the shares of which are listed on the Stock Exchange, from August 2010 to June 2012. Mr. Xin was a non-executive director of China Environmental

Profile of Directors and Senior Management *(Continued)*

Technology Holdings Limited, the shares of which are listed on the Stock Exchange from March 2011 to August 2012 and was redesignated as an independent non-executive director since August 2012. He is currently a non-executive director of Asian Capital Holdings Limited, an independent non-executive director of Enerchina Holdings Limited and an independent non-executive director of Sinolink Worldwide Holdings Limited, the shares of those companies are listed on the Stock Exchange. Mr. Xin also serves as a director of Mori Denki Mfg. Co., Ltd., a company listed on the Tokyo Stock Exchange and a director and vice chairman of Oriental Technologies Investment Limited, a company listed on the Australian Stock Exchange.

Muk Kin Yau, aged 51, has been appointed as the independent non-executive Director with effect from 1 August 2013. He obtained a bachelor degree in Science (Civil Engineering) from Leeds University in 1983, a Master of Science Degree (Civil Engineering) from Massachusetts Institute of Technology in 1985 and a master degree in Business Administration from National University of Singapore in 1992. Mr. Muk worked as an engineer in Mass Rapid Transit Corporation, Singapore from December 1984 to October 1989, a manager in Construction Industry Development Board (now Building Construction Authority) of Singapore from November 1989 to March 1992, a manager in Strait Steamship Land (now Keppel Land) from March 1992 to April 1994 and the Managing Director in GIC Real Estate Pte Ltd from April 1994 to July 2009. Mr. Muk is currently an advisor to Pacific Eagle Group Pte Ltd.

SENIOR MANAGEMENT

Chen Jianye, aged 57, is the Chief Executive Officer of the Company. The appointment has no specified term. He was the chief operating officer of the company since 27 December 2011. He joined the Group in 2007 and held a number of positions in the Group including the director, executive vice president and general manager, and president of Investment Development Centre of the Group. He obtained a bachelor degree in Engineering from Heilongjiang College of Commerce* (黑龍江商學院) in 1982 and a Master degree in Business Administration from China People's University* (中國人民大學) in June 1998. Mr. Chen was a deputy manager of the office and the head of the science and technology department of Henan Oil Company* (河南省石油公司) from 1982 to 1987, a deputy director of the enterprise management department and a project assessment director of China Construction Bank Corporation, Henan Branch (中國建設銀行股份有限公司河南省分行), and a general manager of China Construction Bank Corporation, Anyang Branch (中國建設銀行股份有限公司安陽分行) from 1988 to 2002, and a general manager of Henan High-tech Venture Investment Holdings Limited* (河南高科技創業投資股份有限公司) from 2003 to 2006.

Mr. Chen has an interest in the shares of the Company, details of which are set out in the section headed "Directors' and chief executives' interests in shares, underlying shares or debentures" under Directors' report in this annual report.

Hu Bing, aged 37, is the Chief Financial Officer of the Company. Mr. Hu is a Certified Public Valuer and obtained a master degree in Business Administration from Guanghua School of Management of Peking University in 2004. He has joined the Group since 2004. After joining the Group, he had held a number of positions including assistant to the general manager, deputy general manager, general manager, deputy director (project management) of financial management center, director of financial management center and general manager of budget planning department, executive vice president of the Group and general manager of financial management center (responsible for finance and cost center), and vice president of the Group and general manager of financial management center. Prior to joining the Group, Mr. Hu was a project manager in Shenzhen Sinocoms Appraisal Company Limited from 1997 to 2001 and worked in Beijing Zhongdingxing Financial Consulting Limited from 2001 to 2002.

Directors' Report

The Board presents the annual report together with the audited financial statements of the Group for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, and its subsidiaries are principally engaged in property development in the People's Republic of China.

SEGMENT INFORMATION

Management considers there is only one operating segment under the requirements of HKFRS 8.

FINANCIAL STATEMENTS

The Group's profit for the year ended 31 December 2013 and the state of the Company's and the Group's affairs as at the date are set out in the financial statements on pages 70 to 174.

RESULTS AND DIVIDENDS

Profits attributable to shareholders, before dividends, of RMB1,025,930,000 (2012: RMB823,086,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

An interim dividend of HK5.2 cents per share (2012: HK4.5 cents per share) was paid on 16 October 2013. The Directors are pleased to recommend a final dividend of HK10.7 cents (2012: HK8.0 cents) per share for the year ended 31 December 2013. Subject to the approval of the proposed final dividend by the shareholders at the 2014 AGM, it is expected that the final dividend will be paid on or around 6 June 2014 to the Shareholders whose names appear on the register of members of the Company on 22 May 2014.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining eligibility to attend and vote at the 2014 AGM

The register of members of the Company will be closed from Wednesday, 14 May 2014 to Friday, 16 May 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the 2014 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13 May 2014.

(b) For determining entitlement to the proposed final dividend for 2013 (subject to Shareholders' approval at the 2014 AGM)

The register of members will be closed on Thursday, 22 May 2014, during that day no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 May 2014.

Directors' Report *(Continued)*

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the consolidated assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 175 to 176. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year under review are set out in notes 13 and 14 respectively to the financial statements.

The Group's investment properties were revalued at the year end date. The revaluation resulted in a net increase in fair value of RMB19 million which has been charged directly to the Consolidated Income Statement.

SENIOR NOTES

(a) Issuance of Senior Notes

On 21 January 2013, the Company issued secured senior notes due 2020 with principal amount of US$200,000,000 at a coupon rate of 8.0% per annum (the "US$200 Million Senior Notes") for financing new and existing property projects (including land premium), repaying existing indebtedness and general corporate purposes. Further details relating to the issue of the US$200 Million Senior Notes are disclosed in the announcements of the Company dated 21 and 22 January 2013.

On 22 May 2013, the Company issued secured senior notes due 2018 with principal amount of US$400,000,000 at a coupon rate of 6.5% per annum (the "US$400 Million Senior Notes") for redeeming or repurchasing the US$300 Million Senior Notes (as defined below) in full, funding new and existing property projects (including land premium) and general corporate purposes. Further details relating to the issue of the US$400 Million Senior Notes are disclosed in the announcements of the Company dated 22 and 23 May 2013.

(b) Redemption of US$300,000,000 Senior Notes due 2015

The Company redeemed all outstanding US$300,000,000 12.25% senior notes due 2015 (the "US$300 Million Senior Notes") in full on 21 June 2013 (the "Redemption Date") at the redemption price equal to 100% of the principal amount of the US$300 Million Senior Notes, which is US$300 million, plus the applicable premium of US$30 million as of, and accrued and unpaid interest of US$6 million to (but not including), the Redemption Date, totalling US$336 million. For details, please refer to the announcements of the Company dated 23 May 2013 and 24 June 2013.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 32(a)(i) to the financial statements. Share were issued during the year on exercise of share options.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2013 are set out in note 32(b)(ix) to the financial statements and in the Consolidated Statement of Changes in Equity, respectively.

Directors' Report *(Continued)*

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, purchases from the Group's five largest suppliers (excluding purchases of land) accounted for less than 30% of the Group's total purchases and purchases from the largest supplier (excluding purchases of land) amounted to approximately 15% of the Group's total purchases. Sales to the Group's five largest customers accounted for less than 30% of the Group's total turnover and sales to the largest customer amounted to approximately 1% of the Group's total turnover.

Save as disclosed in the consolidated financial statements, to the best knowledge of the Directors, none of the Directors or chief executive of the company or any Shareholder owning more than 5% of the company's share capital or their respective associates, had any interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors in office during the year ended 31 December 2013 and up to the date of this report are as follows:

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Ms. Yan Yingchun

Non-Executive Directors

Mr. Lim Ming Yan *(Vice Chairman)* (with Mr. Lucas Ignatius Loh Jen Yuh as alternate)
Mr. Leow Juan Thong Jason
Mr. Hu Yongmin
Ms. Wu Wallis (alias Li Hua)

Independent Non-Executive Directors

Mr. Cheung Shek Lun
Mr. Wang Shi (resigned on 31 July 2013)
Mr. Xin Luo Lin
Mr. Muk Kin Yau (appointed on 1 August 2013)

In accordance with article 87 of the Articles of Association of the Company, Ms. Yan Yingchun, Mr. Leow Juan Thong Jason and Mr. Cheung Shek Lun will retire from office by rotation at the 2014 AGM and, being eligible, offer themselves for re-election. Mr. Muk Kin Yau, who was appointed as an independent non-executive Director with effect from 1 August 2013 to fill a casual vacancy on the Board, is also required to retire pursuant to article 86(3) of the Articles of Association and being eligible, will offer himself for re-election at the 2014 AGM.

The Company has received, from each of the independent non-executive Directors, an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such information, the Company considers the independent non-executive Directors to be independent.

Directors' Report *(Continued)*

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 49 to 52.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Po Sum and Ms. Yan Yingchun has entered into a service contract with the Company pursuant to which he/she agreed to act as executive Director for a term of three years with effect from 6 June 2011.

Each of Mr. Lim Ming Yan, Mr. Leow Juan Thong Jason and Ms. Wu Wallis (alias Li Hua) has entered into a service contract with the Company pursuant to which he/she agreed to act as non-executive Director for a term of three years with effect from 6 June 2011.

Mr. Cheung Shek Lun has signed a letter of appointment dated 6 June 2011 with the Company pursuant to which he agreed to act as independent non-executive Director for a term of three years with effect from 6 June 2011. Mr. Xin Luo Lin has signed a letter of appointment dated 1 March 2013 with the Company pursuant to which he agreed to act as independent non-executive Director for a term of three years with effect from 1 March 2013. Mr. Muk Kin Yau has signed a letter of appointment dated 1 August 2013 with the Company pursuant to which he agreed to act as independent non-executive Director for a term of three years with effect from 1 August 2013.

Save as disclosed above, no Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save for the relevant transactions as disclosed in note 36 to the financial statements, none of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2013, nor any contract of significance has been entered into during the year ended 31 December 2013 between the Company or any of its subsidiaries and the controlling Shareholders or any of its subsidiaries.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

All Directors are entitled to a fee as approved by the Board with reference to the prevailing market conditions. Executive Directors are entitled to fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the pension scheme on behalf of our Directors) or discretionary bonuses, which are determined by the Board having regard to the Group's performance and the prevailing market conditions and approved by the remuneration committee of the Company. Details of Directors' emoluments and emoluments of five highest paid individuals of the Company are set out in notes 8 and 9 to the financial statements.

For each of the years 2012 and 2013, senior management of the Company comprises 4 individuals. The emoluments of senior management fell within the following bands:

Emolument band	**Number of individuals**	
	2013	2012
Below RMB500,000	**1**	–
RMB500,001 to RMB1,000,000	**–**	1
RMB2,000,001 to RMB2,500,000	**1**	2
RMB4,000,001 to RMB4,500,000	**1**	1
RMB5,000,001 to RMB5,500,000	**1**	–

Directors' Report *(Continued)*

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

As at 31 December 2013, the interests and short positions of the Directors and chief executives in the shares (the "Shares"), underlying Shares and debentures (the "Debentures") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules, were as follows or as disclosed under the section headed "Share Option Schemes" below:

(a) Long positions in the Shares:

Name of Director or chief executive	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital[5]
Mr. Wu Po Sum	Interest in a controlled corporation	1,146,315,639 [1]	47.07%
	Beneficial owner	2,050,400 [2]	0.08%
Ms. Yan Yingchun	Beneficial owner	1,320,160 [2]	0.05%
Ms. Wu Wallis (alias Li Hua)	Beneficial owner	1,500,000 [2,3]	0.06%
Mr. Chen Jianye	Beneficial owner	7,710,000 [2]	0.32%

(b) Long positions in the Debentures:

— S$175,000,000 aggregate principal amount of its 10.75% Senior Notes due 2016 (the "SGD Notes")

Name of Director	Capacity and nature of interest	Amount of Debentures held	Approximate percentage of the interest in the SGD Notes[6]
Mr. Lim Ming Yan	Beneficial owner	S$500,000	0.29%
Mr. Leow Juan Thong Jason	Beneficial owner	S$1,250,000	0.71%
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	S$250,000	0.14%

Directors' Report *(Continued)*

— US$200 Million Senior Notes

Name of Director	Capacity and nature of interest	Amount of Debentures held	Approximate percentage of the interest in the US$200 Million Senior Notes[7]
Mr. Leow Juan Thong Jason	Beneficial owner	US$750,000[4]	0.38%
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	US$500,000	0.25%

Notes:

1. The 1,146,315,639 Shares were registered in the name and were beneficially owned by Joy Bright Investments Limited ("Joy Bright"), a company wholly owned by Mr. Wu Po Sum. Accordingly, he was deemed to be interested in the 1,146,315,639 Shares by virtue of the SFO.

2. Such interest in the Shares is held pursuant to the share options granted under the Share Option Scheme (as defined below), the details of which are disclosed pages 59 to 61 of this annual report.

3. 1,500,000 Shares are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's Shares for the purposes of the SFO.

4. Debentures of US$250,000 are beneficially owned by the spouse of Mr. Leow Juan Thong Jason, therefore Mr. Leow Juan Thong Jason is deemed to be interested in his spouse's debentures for the purposes of the SFO.

5. The percentage of the interest in the Company's issued share capital is based on a total of 2,435,344,600 Shares of the Company in issue.

6. The percentage of the interest in the SGD Notes is based on the aggregate principal amount of S$175,000,000.

7. The percentage of the interest in the US$200 Million Senior Notes is based on the aggregate principal amount of US$200,000,000.

Save as disclosed above or under the section headed "Share Option Schemes" below, as at 31 December 2013, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and Debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 the Directors and chief executives were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report *(Continued)*

SHARE OPTION SCHEMES

The Company has two share option schemes, namely the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the share option scheme (the "Share Option Scheme").

A. Pre-IPO Share Option Scheme

On 14 May 2008, the Company conditionally granted share options under the Pre-IPO Share Option Scheme to the Directors, employees and consultants of the Company. The exercise of these share options would entitle the Directors, employees and consultants of the Group to subscribe for an aggregate of 14,350,000 Shares and 17,650,000 Shares of the Company respectively. The initial exercise price was HK$2.75 per share and was adjusted to HK$2.682 per share on 28 June 2011 as a result of and following the rights issue (the "Right Issue") conducted by the Company. The Pre-IPO Share Option Scheme was effective from the listing date of the Company's Shares on the Stock Exchange.

The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to have a personal interest in the Company and to motivate the participants to optimise their performance and efficiency, and also to retain the participants whose contributions are important to the long-term growth and profitability of the Group.

The Pre-IPO Share Option Scheme was terminated on the date immediately preceding the date of the prospectus of the Company, that is, 25 May 2008.

All the outstanding share options under the Pre-IPO Share Option Scheme expired and lapsed on 5 June 2013.

Movements of the share options granted under the Pre-IPO Share Option Scheme during the year from 1 January 2013 to 31 December 2013 were as follows:

			Number of share options granted under the Pre-IPO Share Option Scheme				
Name or category of participants	**Date of grant**	**Exercise price per Share**	**As at 1 January 2013**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**As at 31 December 2013**
Directors							
Mr. Wu Po Sum	14 May 2008	HK$2.682	6,510,020	–	–	(6,510,020)	–
Mr. Lim Ming Yan	14 May 2008	HK$2.682	2,563,000	–	–	(2,563,000)	–
Mr. Leow Juan Thong Jason	14 May 2008	HK$2.682	1,537,800	–	–	(1,537,800)	–
Ms. Yan Yingchun	14 May 2008	HK$2.682	1,537,800	–	(1,537,800)	–	–
			12,148,620	–	(1,537,800)	(10,610,820)	–
Chief Executive Officer							
Mr. Chen Jianye	14 May 2008	HK$2.682	205,040	–	–	(205,040)	–
Senior Management, other employees and consultants of the Group	14 May 2008	HK$2.682	13,583,900	–	(410,080)	(13,173,820)	–
			25,937,560	–	(1,947,880)	(23,989,680)	–

Note: In relation to each grantee of the share options granted under the Pre-IPO Share Option Scheme, no share option is exercisable within the first year from the date of listing of the shares on the Stock Exchange, that is, 6 June 2008 (the "Listing Date"), not more than 20% of the share options are exercisable within the second year from the Listing Date and not more than 40% of the share options are exercisable in each of the this third and fourth year from the Listing Date.

Directors' Report *(Continued)*

B. Share Option Scheme

The Shareholders conditionally adopted the Share Option Scheme pursuant to the written resolutions dated 14 May 2008. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus aligning their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Under the Share Option Scheme, the employees of the Group (including the executive Directors) and such other persons as the Board may consider appropriate may be granted options which entitle them to subscribe for Shares representing, when aggregated with any Shares subject to any other scheme(s) of the Company, up to a maximum of 10% of the Shares in issue of the Company as of 6 June 2008, unless the Company obtains a fresh approval from the Shareholders to renew the said limit or the Shareholders specifically approve the grant.

The total number of Shares issued or to be issued upon exercise of the share options granted and yet to be exercised under the Share Option Scheme or any other share option scheme(s) adopted by the Company must not exceed 30% of the total number of Shares in issue from time to time. The amount payable by a grantee on acceptance of a grant of the option is HK$1.00 (or its equivalent in RMB or any other currency acceptable to the Company).

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the Share Option Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. Any further grant of options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.

Any grant of share options to a participant who is a Director, chief executives, or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is the grantee of the share options.

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 31 December 2013, share options to subscribe for 45,244,280 Shares remained outstanding.

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion and notified to a participant, provided that such price shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of a share option which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of offer; and (iii) the nominal value of a Share.

The Share Option Scheme will expire on 13 May 2018.

Directors' Report *(Continued)*

Movement of share options granted under the Share Option Scheme during the year from 1 January 2013 to 31 December 2013 were as follows:

Name or category of participants	Date of grant	Exercise price per Share	As at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2013
			Number of share options granted under the Share Option Scheme				
Directors							
Mr. Wu Po Sum	25 May 2010	HK$1.853	2,050,400	–	–	–	2,050,400
Ms. Yan Yingchun	25 May 2010	HK$1.853	2,050,400	–	(1,230,240)	–	820,160
	27 March 2013	HK$2.560	–	500,000	–	–	500,000
Ms. Wu Wallis (alias Li Hua)	27 March 2013	HK$2.560	–	1,500,000	–	–	1,500,000
			4,100,800	2,000,000	(1,230,240)	–	4,870,560
Chief Executive Officer							
Mr. Chen Jianye	25 May 2010	HK$1.853	2,563,000	–	(3,000)	–	2,560,000
	25 July 2011	HK$2.160	5,000,000	–	–	–	5,000,000
Senior Management, other employees and consultants of the Group	25 May 2010	HK$1.853	10,046,960	–	(1,703,000)	–	8,343,960
	25 July 2011	HK$2.160	4,500,000	–	–	–	4,500,000
	27 March 2013	HK$2.560	–	22,000,000	(1,230,240)	(800,000)	19,969,760
			22,109,960	22,000,000	(2,936,240)	(800,000)	40,373,720
			26,210,760	24,000,000	(4,166,480)	(800,000)	45,244,280

Note: In relation to each grantee of the share options granted under the Share Option Scheme, no share option is exercisable within the first year from the respective dates of grant, that is, 25 May 2010, 25 July 2011and 27 March 2013 (the "Dates of Grant"), not more than 20% of the share options are exercisable within the second year from the respective Dates of Grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the respective Dates of Grant.

The initial exercise price of the share options granted on 25 May 2010 under the Share Option Scheme was HK$1.9 per Share and was adjusted to HK$1.853 per Share on 28 June 2011 as a result of and following the Rights Issue conducted by the Company.

Additional information in relation to the Share Option Scheme is set out in note 30 to the financial statements of this annual report.

Directors' Report *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 31 December 2013, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Schemes" above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital[1]
Joy Bright	Beneficial owner	1,146,315,639[2]	47.07%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228[3]	27.02%
CapitaLand China Holdings Pte Ltd ("CapitaLand China")	Interest in a controlled corporation	658,116,228[3]	27.02%
CapitaLand Residential Limited ("CapitaLand Residential")	Interest in a controlled corporation	658,116,228[3]	27.02%
CapitaLand Limited ("CapitaLand")	Interest in a controlled corporation	658,116,228[3]	27.02%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest in a controlled corporation	658,116,228[3]	27.02%
FV Green Alpha Two Limited ("FV Green")	Beneficial owner	298,566,476[4]	12.26%

Notes:

1. The percentage of the interest in the Company's issued share capital is based on a total of 2,435,344,600 Shares in issue.

2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright and is deemed to be interested in the 1,146,315,639 Shares held by Joy Bright for the purposes of the SFO.

3. CapitaLand (Cayman) is directly wholly owned by CapitaLand China. CapitaLand China is directly wholly owned by CapitaLand Residential and CapitaLand Residential is directly wholly owned by CapitaLand. Temasek Holdings has an interest in approximately 40.92% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings is deemed or taken to be interested in the 658,116,228 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.

Directors' Report *(Continued)*

4. On 5 August 2009, the Company entered into a subscription agreement with FV Green (the "Subscription Agreement") relating to the issue and subscription of the convertible bonds (the "Convertible Bonds") at an aggregate principal amount of HK$687 million which were issued in conjunction with the warrants (the 'Warrants") entitling FV Green to subscribe for a maximum of 68,338,594 Shares. On 28 June 2011, the Company completed the Rights Issue pursuant to which 428,000,000 right shares were allotted and issued. Hence the conversion price of the Convertible Bonds and the Warrants were adjusted to HK$2.984 per share and HK$3.947 per share which were made in accordance with the terms of the Convertible Bonds and the Warrants respectively. Based on the conversion price of HK$2.984 per share and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds will be convertible into 230,227,882 shares (the "Conversion Shares"). The Warrants entitle FV Green to subscribe for a maximum of 68,338,594 shares (the "Warrant Shares") at the exercise price of HK$3.947 per share. As at the date of this annual report, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to FV Green.

Save as disclosed above, as at 31 December 2013, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Mr. Wu Po Sum & Joy Bright

On 16 May 2008, Mr. Wu Po Sum (the ultimate controlling Shareholder) and Joy Bright (the controlling Shareholder which is a wholly owned subsidiary of Mr. Wu Po Sum) executed in favour of the Company, a non-competition undertaking (the "Non-competition Undertaking A") in respect of the conduct of their property developments or investments in the PRC. Under the Non-competition Undertaking A, each of Mr. Wu Po Sum and Joy Bright undertakes, among others, that during the validity of the Non-competition Undertaking A:

1. he or Joy Bright will not and will procure his or Joy Bright's associates not to engage, directly or indirectly, whether as a Shareholder, officer, partner, agent, consultant or otherwise and whether for profit, reward or otherwise, in any business which will or may, directly or indirectly, compete with the business carried out by the Group;

2. in the event that he/Joy Bright or any of his/Joy Bright's associates identifies or is offered any opportunities to engage in a business that is in competition with that of the Group, he/Joy Bright will and will procure that his/Joy Bright's associates will, as soon as practicable inform the Company of such opportunity and provide such information as is available to him/Joy Bright in respect of such opportunity to the Company. The Company has a right within one month thereafter to take up the opportunity and in the event that the Company decides to take up the opportunity, he/Joy Bright will use his/its best endeavor to assist the Group to obtain such opportunity; in the event that the Company declines such opportunity or fails to respond within the stipulated period, he/Joy Bright or his/Joy Bright's associates may take up such opportunity provided that the terms upon which he takes up such opportunity shall be no more favorable than those offered to the Group.

Pursuant to the annual declaration in relation to the compliance with the Non-competition Undertaking A dated 21 February 2014 provided by Mr. Wu Po Sum and Joy Bright respectively, each of them confirms that during the period from 1 January to 31 December 2013 (the "Relevant Period"), (i) all the relevant terms of the Non-competition Undertaking A have been fully complied with in all material respects; and (ii) neither of them identified or was offered any opportunities to engage in a business that is in competition with that of the Group.

Directors' Report *(Continued)*

CapitaLand (Cayman) & CapitaLand China

On 16 May 2008, CapitaLand (Cayman) (the strategic investor and the substantial Shareholder) and CapitaLand China (the holding company of CapitaLand (Cayman)) executed in favour of the Company, a non-competition undertaking (the "Non-competition Undertaking B") in respect of the conduct of their certain activities in the PRC. Under the Non-competition Undertaking B, CapitaLand (Cayman) and CapitaLand China undertake, among others, that during the validity of the Non-competition Undertaking B:

1. each of them will not in the provinces of Henan, Hubei, Hunan, Shanxi, Anhui and Shaanxi (the "Provinces"), either on their own account or in conjunction with or on behalf of any natural person, company, corporation, association, partnership, organisation, business firm, joint venture, trust, unincorporated organisation or any other entity or organisation, or any governmental authority (the "Person(s)"), carry on or be engaged, concerned or interested directly or indirectly whether as Shareholder, director, employee, partner, agent or otherwise in carrying on the business of residential property development (other than as a holder of not more than 5% of the issued shares or debentures of any company listed on any recognized stock exchange);

2. in the event CapitaLand (Cayman)/CapitaLand China identifies or is offered any opportunity to participate in any project in any of the Provinces that falls within the business scope of the Group, CapitaLand (Cayman)/CapitaLand China agrees to notify the company of such opportunity and that the Company shall have an option to negotiate and participate in such project provided that such option shall be exercisable by the Company within 30 days upon the receipt of the relevant information on such project from CapitaLand (Cayman)/CapitaLand China. Upon the expiry of such 30-day period, unless the Company has communicated to CapitaLand (Cayman)/CapitaLand China the Company's intention to participate in the relevant project, CapitaLand (Cayman)/CapitaLand China may participate in such project on its own account or in conjunction with or on behalf of any Person on terms no more favorable than those offered to the Group.

Pursuant to the annual declaration in relation to the compliance with the Non-competition Undertaking B dated 24 February 2014 provided by CapitaLand (Cayman) and CapitaLand China respectively, each of them confirms that during the Relevant Period, (i) all the relevant terms of the Non-competition undertaking B have been fully complied with in all material respects; and (ii) neither of them identified or was offered any opportunity to participate in any project in any of the Provinces that falls within the business scope of the Group (namely, residential property development in the Provinces or such other businesses as may be agreed in writing between the Company and CapitaLand (Cayman)/ CapitaLand China), save as disclosed below:

CapitaLand China, through CapitaLand Value Home China Business ("CVH China") and CapitaLand Township Holdings Pte Ltd ("CapitaLand Township China"), commenced certain residential development projects in two of the Provinces, namely Hubei (湖北) and Shaanxi (陝西), during the Relevant Period. In accordance with the requirements of the Non-competition Undertaking B, CapitaLand (Cayman)/CapitaLand China sent two notices to the Company on 13 March 2013 and 29 May 2013 offering the Company the opportunity to participate in the aforesaid projects. On 26 June 2013, the Company replied not accepting the offer to participate in all current and future residential projects undertaken or to be undertaken by CVH China and CapitaLand Township China in Wuhan and Xian and waiving the notice requirement under clause 2.1(c) of the Non-competition Undertaking B in respect of all future residential property development project(s) to be undertaken by each of CVH China and CapitaLand Township China in Wuhan and Xian.

Directors' Report *(Continued)*

CONNECTED TRANSACTION

Details of the material related party translations are set out in note 36 to the financial statements. Save as disclosed herein, none of these related party transactions constitutes a connected transaction subject to reporting, announcement and/or independent Shareholders' approval requirements under Chapter 14A the Listing Rules. During the year ended 31 December 2013, the following connected transaction is required to be disclosed in this annual report:

On 17 June 2013, Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司) ("CCRE China"), a wholly-owned subsidiary of the Company, entered into an equity restructuring agreement (the "Equity Restructuring Agreement") with Kaifeng Dahong Real Estate Development Company Limited* (開封市大宏房地產開發有限公司) ("Kaifeng Dahong"), Kaifeng Central China Dahong Real Estate Company Limited* (開封建業大宏住宅建設有限責任公司) ("Central China Dahong"), Central China Forest Peninsula (Kaifeng) Real Estate Company Limited* (開封建業森林半島置業有限公司) ("Forest Peninsula"), Kaifeng Central China Real Estate Company Limited* (開封建業地產有限公司) ("Kaifeng CCRE") and Central China Dahong Northwest Lake Hotel* (開封建業大宏西北湖酒店管理有限公司) ("Hotel Company"). Kaifeng Dahong owns over 10% equity interest in each of Central China Dahong, Forest Peninsula, Kaifeng CCRE and Hotel Company, which are all indirect subsidiaries of the Company. As such, Kaifeng Dahong is a connected person of the Company and the Equity Restructuring Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions as contemplated under the Equity Restructuring Agreement exceed(s) 5%, the Equity Restructuring Agreement is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions as contemplated under the Equity Restructuring Agreement exceed(s) 5% but less than 25%, the Equity Restructuring Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to the Equity Restructuring Agreement, the parties agreed that:

(i) CCRE China sold 60% equity interest in Central China Dahong to Kaifeng Dahong for a consideration of RMB288,000,000;

(ii) CCRE China acquired 20% equity interest in Kaifeng CCRE from Kaifeng Dahong for a consideration of RMB30,000,000;

(iii) CCRE China acquired 100% equity interest in Hotel Company from Central China Dahong for a consideration of RMB81,210,000; and

(iv) Kaifeng CCRE and Hotel Company repaid the loans owed to Central China Dahong in the amounts of RMB134,458,000 and RMB10,800,000 respectively.

Upon completion of the Equity Restructuring Agreement, both Central China Dahong and Forest Peninsula (a wholly-owned subsidiary of Central China Dahong) ceased to be subsidiaries of the Company whilst both Kaifeng CCRE and Hotel Company became wholly-owned subsidiaries of the Company. The Group made an approximate gain of RMB145 million and generated an approximate net cash flow of RMB32 million as a result of the transactions under the Equity Restructuring Agreement. The Company considered that the corporate restructuring pursuant to the Equity Restructuring Agreement enhanced the liquidity of the Group and financed the Group in its future acquisition of land.

Directors' Report *(Continued)*

The relevant announcement and circular in respect of this discloseable and connected transaction were published by the Company on 17 June 2013 and 28 June 2013, respectively. The Company obtained from the Stock Exchange a waiver from strict compliance with the requirement to hold a general meeting for approving the transaction under Rule 14A.43 of the Listing Rules.

SPECIFIC PERFORMANCE OBLIGATIONS ON THE CONTROLLING SHAREHOLDER

In accordance with the requirements under Rule 13.21 of the Listing Rules, the directors of the Company reported below details of loan facility, which exist during the year and include conditions relating to specific performance on the controlling shareholder of the Company.

On 18 October 2013, the Company, certain subsidiaries of the Company, The Hong Kong and Shanghai Banking Corporation Limited and other financial institutions entered into a facility agreement (the "Facility Agreement") pursuant to which the Company obtained a three-year dual tranche term loan facility (the "Term Loan Facility") in the principal amount of up to HK$780,000,000 and US$25,000,000.

The Facility Agreement imposes certain specific performance obligations on Mr. Wu Po Sum, the controlling Shareholder. Pursuant to the terms of the Facility Agreement, it will be an event of default if, among others, (i) Mr. Wu Po Sum ceases to hold 40% of the voting share capital (or equivalent right of ownership) of the Company or power to direct the policies and management of the Company, whether by contract or otherwise; or (ii) Mr. Wu Po Sum ceases to be the single largest beneficial (direct or indirect) Shareholder; or (iii) Mr. Wu Po Sum ceases to be the chairman of the Board, and in such event (among other things), all or part of the loan shall become immediately due and payable.

As at 31 December 2013, the Company did not utilize the Term Loan Facility. Such facility will expire on 18 October 2016.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in note 39 to the financial statements, there are no significant events subsequent to 31 December 2013 which would materially affect the Group's operating and financial performance as of the date of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law of the Cayman Islands.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group had joined a mandatory Hong Kong provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at specified rates. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme. During the year, the Group made contribution to the schemes amounting to approximately RMB20 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

Directors' Report *(Continued)*

PUBLIC FLOAT

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

BANK LOANS, OTHER LOANS, CONVERTIBLE BONDS AND SENIOR NOTES

Particulars of bank loans, other loans, convertible bonds and senior notes of the Group as at 31 December 2013 are set out in notes 24, 25, 28 and 29 to the financial statements respectively.

During the year, no convertible bonds were converted into ordinary shares of the company and no warrants were exercised.

MATERIAL LITIGATION AND ARBITRATION

For the year ended 31 December 2013, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

DONATIONS

Charitable donations and other donations made by the Group during the year amounted to RMB3.6 million.

AUDIT COMMITTEE

The audit committee of the Company reviewed the Group's consolidated annual results for the year ended 31 December 2013, including the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters as well as the audited financial statements for the year ended 31 December 2013 with the management.

AUDITORS

KPMG will retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company will be proposed at the 2014 AGM.

By Order of the Board
Wu Po Sum
Chairman
Hong Kong, 26 March 2014

Independent Auditor's Report

Independent auditor's report to the shareholders of
Central China Real Estate Limited
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Central China Real Estate Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 70 to 174, which comprise the consolidated and company statements of financial position 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report *(Continued)*

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
26 March 2014

Consolidated Income Statement

for the year ended 31 December 2013

(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Turnover	4	**6,951,125**	6,345,527
Cost of sales		**(4,582,411)**	(4,099,713)
Gross profit		**2,368,714**	2,245,814
Other revenue	5	**159,852**	111,226
Other net income/(loss)	5	**379,225**	(4,787)
Selling and marketing expenses		**(312,530)**	(221,765)
General and administrative expenses		**(536,521)**	(398,014)
Other operating income		**79,854**	46,933
		2,138,594	1,779,407
Share of losses of associates	16	**(2,659)**	(1,758)
Share of profits less losses of joint ventures		**601,466**	320,595
Finance costs	6(a)	**(816,705)**	(269,154)
Profit before change in fair value of investment properties and income tax		**1,920,696**	1,829,090
Net increase in fair value of investment properties	14	**18,697**	16,972
Profit before taxation	6	**1,939,393**	1,846,062
Income tax	7(a)	**(854,542)**	(976,268)
Profit for the year		**1,084,851**	869,794
Attributable to:			
Equity shareholders of the Company		**1,025,930**	823,086
Non-controlling interests		**58,921**	46,708
Profit for the year		**1,084,851**	869,794
Earnings per share	11		
— Basic (RMB cents)		**42.16**	33.90
— Diluted (RMB cents)		**42.06**	30.71

The accompanying notes form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 32(c).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013
(Expressed in Renminbi)

	2013 RMB'000	2012 RMB'000
Profit for the year	**1,084,851**	869,794
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
— Revaluation gain on property, plant and equipment	–	6,479
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	**49,268**	12,587
— Cash flow hedge:		
— Effective portion of changes in fair value	**(34,196)**	17,267
— Transfer from equity to profit or loss	**42,880**	(47,696)
	57,952	(17,842)
Total other comprehensive income for the year	**57,952**	(11,363)
Total comprehensive income for the year	**1,142,803**	858,431
Attributable to:		
Equity shareholders of the Company	**1,086,625**	809,789
Non-controlling interests	**56,178**	48,642
Total comprehensive income for the year	**1,142,803**	858,431

There is no tax effect relating to the above component of the other comprehensive income.

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	13	**2,226,115**	1,543,351
Investment properties	14	**365,500**	343,600
Interests in associates	16	**45,258**	47,917
Interests in joint ventures	17	**4,933,854**	5,027,993
Other financial assets	18	**110,080**	91,800
Deferred tax assets	31(b)	**146,911**	116,602
		7,827,718	7,171,263
Current assets			
Trading securities	19	**99,085**	95,498
Properties for sale	20	**11,132,353**	7,930,205
Trade and other receivables	21	**1,036,156**	503,375
Deposits and prepayments	22	**5,608,287**	3,608,423
Prepaid tax	31(a)	**122,646**	117,442
Restricted bank deposits	23	**878,533**	972,283
Cash and cash equivalents		**4,812,575**	3,949,775
		23,689,635	17,177,001
Current liabilities			
Bank loans	24	**538,745**	675,000
Other loans	25	**1,068,180**	739,702
Trade and other payables and accruals	26	**13,298,126**	8,218,322
Receipts in advance	27	**2,089,718**	2,759,207
Convertible bonds	28	**641,458**	–
Tax payable	31(a)	**1,187,229**	1,121,817
		18,823,456	13,514,048
Net current assets		**4,866,179**	3,662,953
Total assets less current liabilities		**12,693,897**	10,834,216

Consolidated Statement of Financial Position *(Continued)*

at 31 December 2013

(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Bank loans	24	978,460	921,500
Other loans	25	500,000	915,980
Convertible bonds	28	–	587,533
Senior notes	29	4,455,843	2,730,589
Deferred tax liabilities	31(b)	59,747	55,404
		5,994,050	5,211,006
NET ASSETS		6,699,847	5,623,210
CAPITAL AND RESERVES			
Share capital	32(a)	215,770	215,285
Reserves		5,806,926	4,954,376
Total equity attributable to equity shareholders of the Company		6,022,696	5,169,661
Non-controlling interests		677,151	453,549
TOTAL EQUITY		6,699,847	5,623,210

Approved and authorised for issue by the board of directors on 26 March 2014.

Wu Po Sum
Executive Director

Yan Yingchun
Executive Director

The accompanying notes form part of these financial statements.

Statement of Financial Position

at 31 December 2013

(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Interest in subsidiaries	15	7,050,909	5,336,729
Current assets			
Derivative financial instruments	21	15,918	52,379
Prepayment		18,718	–
Cash and cash equivalents		151,315	2,746
		185,951	55,125
Current liabilities			
Other payables and accruals	26	91,188	60,750
Amount due to a subsidiary	15	3,144	3,232
Convertible bonds	28	641,458	–
		735,790	63,982
Net current liabilities		(549,839)	(8,857)
Total assets less current liabilities		6,501,070	5,327,872
Non-current liabilities			
Convertible bonds	28	–	587,533
Senior notes	29	4,455,843	2,730,589
		4,455,843	3,318,122
NET ASSETS		2,045,227	2,009,750
CAPITAL AND RESERVES	32		
Share capital		215,770	215,285
Reserves		1,829,457	1,794,465
TOTAL EQUITY		2,045,227	2,009,750

Approved and authorised for issue by the board of directors on 26 March 2014.

Wu Po Sum
Executive Director

Yan Yingchun
Executive Director

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity
		Share capital (Note 32(a)(i))	Share premium (Note 32(b)(i))	Statutory reserve fund (Note 32(b)(ii))	Other capital reserve (Note 32(b)(iii))	Exchange reserve (Note 32(b)(iv))	Share-based compensation reserve (Note 32(b)(v))	Property revaluation reserve (Note 32(b)(vi))	Hedging reserve (Note 32(b)(vii))	Equity component of convertible bonds (Note 28)	Warrant reserve (Note 28)	Retained profits	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013		215,285	1,640,260	894,930	804,286	75,458	25,834	6,479	(30,429)	38,765	10,692	1,488,101	5,169,661	453,549	5,623,210
Changes in equity for 2013:															
Profit for the year		-	-	-	-	-	-	-	-	-	-	1,025,930	1,025,930	58,921	1,084,851
Other comprehensive income		-	-	-	-	52,011	-	-	8,684	-	-	-	60,695	(2,743)	57,952
Total comprehensive income		-	-	-	-	52,011	-	-	8,684	-	-	1,025,930	1,086,625	56,178	1,142,803
Final dividends approved in respect of the previous year	32(c)(ii)	-	-	-	-	-	-	-	-	-	-	(159,840)	(159,840)	-	(159,840)
Interim dividends declared in respect of current year	32(c)(i)	-	-	-	-	-	-	-	-	-	-	(100,245)	(100,245)	-	(100,245)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(65,900)	(65,900)
Appropriation to statutory reserve fund		-	-	395,011	-	-	-	-	-	-	-	(395,011)	-	-	-
Issue of new shares under share option scheme	32(a)(ii)	485	12,571	-	-	-	(2,803)	-	-	-	-	-	10,253	-	10,253
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	115,500	115,500
Equity settled share-based payment	6(b)	-	-	-	-	-	(6,507)	-	-	-	-	13,994	7,487	-	7,487
Acquisition of subsidiaries	37(a)	-	-	-	-	-	-	-	-	-	-	-	-	207,165	207,165
Acquisition of additional interest in subsidiaries	37(b)(i)	-	-	-	(12,346)	-	-	-	-	-	-	-	(12,346)	(9,151)	(21,497)
Disposal of subsidiaries	37(b)(ii) & (c)	-	-	(35,140)	-	-	-	-	-	-	-	35,140	-	(89,089)	(89,089)
Disposal of partial interest in a subsidiary	37(d)	-	-	-	21,101	-	-	-	-	-	-	-	21,101	8,899	30,000
		485	12,571	359,871	8,755	-	(9,310)	-	-	-	-	(605,962)	(233,590)	167,424	(66,166)
Balance at 31 December 2013		215,770	1,652,831	1,254,801	813,041	127,469	16,524	6,479	(21,745)	38,765	10,692	1,908,069	6,022,696	677,151	6,699,847

Consolidated Statement of Changes in Equity *(Continued)*

for the year ended 31 December 2013

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company													
	Note	Share capital (Note 32(a)(i)) RMB'000	Share premium (Note 32(b)(i)) RMB'000	Statutory reserve fund (Note 32(b)(ii)) RMB'000	Other capital reserve (Note 32(b)(iii)) RMB'000	Exchange reserve (Note 32(b)(iv)) RMB'000	Share-based compensation reserve (Note 32(b)(v)) RMB'000	Property revaluation reserve (Note 32(b)(vi)) RMB'000	Hedging reserve (Note 32(b)(vii)) RMB'000	Equity component of convertible bonds (Note 28) RMB'000	Warrant reserve (Note 28) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012		215,185	1,637,759	627,676	804,529	64,805	28,150	–	–	43,166	11,906	1,209,312	4,642,488	399,264	5,041,752
Changes in equity for 2012:															
Profit for the year		–	–	–	–	–	–	–	–	–	–	823,086	823,086	46,708	869,794
Other comprehensive income		–	–	–	–	10,653	–	6,479	(30,429)	–	–	–	(13,297)	1,934	(11,363)
Total comprehensive income		–	–	–	–	10,653	–	6,479	(30,429)	–	–	823,086	809,789	48,642	858,431
Final dividends approved in respect of the previous year	32(c)(ii)	–	–	–	–	–	–	–	–	–	–	(199,343)	(199,343)	–	(199,343)
Interim dividends declared in respect of current year	32(c)(i)	–	–	–	–	–	–	–	–	–	–	(89,705)	(89,705)	–	(89,705)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	(92,700)	(92,700)
Appropriation to statutory reserve fund		–	–	267,254	–	–	–	–	–	–	–	(267,254)	–	–	–
Issue of new shares under share option scheme	32(a)(ii)	100	2,501	–	–	–	(747)	–	–	–	–	–	1,854	–	1,854
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	103,000	103,000
Equity settled share-based payment	6(b)	–	–	–	–	–	(1,569)	–	–	–	–	6,390	4,821	–	4,821
Acquisition of additional interest in subsidiaries		–	–	–	(243)	–	–	–	–	–	–	–	(243)	(4,657)	(4,900)
Partial redemption of convertible bonds	28	–	–	–	–	–	–	–	–	(4,401)	(1,214)	5,615	–	–	–
		100	2,501	267,254	(243)	–	(2,316)	–	–	(4,401)	(1,214)	(544,297)	(282,616)	5,643	(276,973)
Balance at 31 December 2012		215,285	1,640,260	894,930	804,286	75,458	25,834	6,479	(30,429)	38,765	10,692	1,488,101	5,169,661	453,549	5,623,210

Consolidated Cash Flow Statement

for the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Profit before taxation		**1,939,393**	1,846,062
Adjustments for:			
Net exchange gain		**–**	(13,041)
Interest income		**(156,947)**	(108,315)
Depreciation and amortisation		**76,187**	37,263
Equity settled share-based payment expenses		**7,487**	4,821
Dividend income from unlisted equity securities		**(1,405)**	(1,411)
Net increase in fair value of investment properties		**(18,697)**	(16,972)
Net gain on disposals of property, plant and equipment		**(12,866)**	(360)
Share of losses of associates		**2,659**	1,758
Share of profits less losses of joint ventures		**(601,466)**	(320,595)
Finance costs		**816,705**	269,154
Unrealised gain on trading securities		**(6,273)**	(21,463)
Write down of properties for sale		**37,588**	–
Loss on deemed disposal of subsidiaries		**–**	33,666
Loss on acquisition of additional interests in joint ventures		**1,383**	3,689
Gain on disposal of subsidiaries		**(152,894)**	–
Gain on deemed disposal of a joint venture		**(172,027)**	–
Loss on disposal of other financial asset		**1,295**	–
Government grants		**(1,500)**	–
Operating profit before changes in working capital		**1,758,622**	1,714,256
Increase in properties for sale		**(2,801,004)**	(1,095,406)
Increase in trade and other receivables		**(356,242)**	(48,291)
Increase in deposits and prepayments		**(2,322,909)**	(2,320,389)
Decrease/(increase) in restricted bank deposits		**93,750**	(319,420)
Increase in trade and other payables and accruals		**5,064,430**	2,903,717
(Decrease)/increase in receipts in advance		**(350,005)**	513,928
Cash generated from operations carried forward		**1,086,642**	1,348,395

Consolidated Cash Flow Statement *(Continued)*

for the year ended 31 December 2013

(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Cash generated from operations brought forward		**1,086,642**	1,348,395
PRC tax paid		**(841,087)**	(728,088)
Net cash generated from operating activities		**245,555**	620,307
Investing activities			
Payment for purchase of property, plant and equipment		**(776,654)**	(605,056)
Proceeds from disposals of property, plant and equipment		**32,146**	3,196
Payment for purchase of investment properties		**(3,203)**	(3,600)
Net cash paid upon acquisitions of subsidiaries	37(a)	**(310,572)**	–
Acquisition of additional interest in subsidiaries	37(b)(i)	**(21,497)**	(4,900)
Net cash outflow upon disposals of subsidiaries	37(b)(ii) & (c)	**(21,781)**	–
Disposal of partial interest in a subsidiary	37(d)	**30,000**	–
Net cash outflow upon deemed disposals of subsidiaries		**–**	(421,349)
Acquisition of additional interest in joint ventures		**(30,553)**	(124,567)
Deemed disposal of a joint venture	21(d)	**250,000**	–
Capital injection in joint ventures		**(91,800)**	(641,123)
Advances to joint ventures		**(919,293)**	(2,147)
Repayment from joint ventures		**937,688**	–
Dividend received from joint ventures		**468,486**	268,234
Payment for purchase of other financial assets		**(22,280)**	(4,000)
Proceeds from disposal of other financial assets		**2,705**	10,000
Dividend received from unlisted equity securities		**1,405**	1,411
Interest received		**156,947**	108,315
Net cash used in investing activities		**(318,256)**	(1,415,586)

Consolidated Cash Flow Statement *(Continued)*

for the year ended 31 December 2013

(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Financing activities			
Proceeds from new bank loans		1,328,955	1,826,800
Repayment of bank loans		(1,069,250)	(1,856,960)
Proceeds from new other loans		1,110,000	2,443,282
Repayment of other loans		(1,027,502)	(980,770)
Net proceeds from issue of new shares		10,253	1,854
Net proceeds from senior notes		3,662,072	863,234
Early redemption of senior notes		(2,035,653)	–
Interest paid		(766,010)	(436,128)
Dividend paid		(260,085)	(289,048)
Dividend paid to non-controlling interests		(65,900)	(92,700)
Capital contribution from non-controlling interests		115,500	103,000
Partial redemption of convertible bonds		–	(70,411)
Net cash generated from financing activities		1,002,380	1,512,153
Net increase in cash and cash equivalents		929,679	716,874
Cash and cash equivalents at 1 January		3,949,775	3,255,528
Effect of foreign exchange rate changes		(66,879)	(22,627)
Cash and cash equivalents at 31 December		4,812,575	3,949,775

Cash and cash equivalents represent cash at bank and on hand.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi)

1 GENERAL

Central China Real Estate Limited ("the Company") is a limited liability company incorporated in the Cayman Islands on 15 November 2007. Its principal place of business is at Room 7701B–7702A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principle activity of the Company is investment holding and its subsidiaries are principally engaged in property development in Henan Province in the People's Republic of China ("the 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 of Hong Kong Limited. A summary of the significant accounting policies adopted by 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 3 provides 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

(i) The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and joint ventures. The consolidated financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand.

(ii) 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 property (see note 2(h));

— financial instruments classified as trading securities (see note 2(e)); and

— derivative financial instruments (see note 2(f)).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(ii) (Continued)

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future period are discussed in note 38.

(c) 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-controlling interests are presented in the consolidated statement of financial position 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 the consolidated statement of financial position in accordance with notes 2(q) or (r) depending on the nature of the liability.

Changes in the Group's interests 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(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint ventures (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)).

(d) Associates and joint ventures

An associate is an entity in which the Group 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. 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(k)). 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates and joint ventures (Continued)

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.

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(e)).

(e) 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, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(w)(v) and (vi).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Other investments in equity securities (Continued)

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period 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 statement of financial position at cost less impairment losses (see note 2(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 2(w)(vi). Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(k)), 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.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash flow hedges (Continued)

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) 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 end of reporting period 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(w)(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(j)), 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(j).

(i) Property, plant and equipment

(i) Property, plant and equipment

The following items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(k)):

— buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(j)); and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, 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(y)).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

(i) Property, plant and equipment (Continued)

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.

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

— Buildings held for own use (including hotel properties) which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 30 years after the date of completion

— Furniture, fixtures and equipment 5 to 10 years

— Motor vehicles 5 years

Where parts of an item of property, plant and equipment 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.

(ii) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(k)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are substantially complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant PRC authorities.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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 assets 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 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(h)); 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.

(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(h)) or properties for sale (see note 2(l)).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 are reviewed at the end of each reporting period 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(d)), the impairment loss is measured by comparing the receivable amount of the investment as a whole with its carrying amount in accordance with note 2(k)(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(k)(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 are not reversed.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 receivables and bills receivable 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 receivables and bills receivable 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 the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

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

— investments in subsidiaries in the Company's statement of financial position.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of 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 to reduce the carrying amount of the other 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

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, 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(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Properties for sale

Properties for sale are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

(i) Properties held for future development and under development for sale

The cost of properties held for future development and 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, and an appropriate proportion of overheads and borrowing costs capitalised (see note 2(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

(ii) Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

(m) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of our asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(w)(iv). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded in the statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position under "Trade and other receivables". Amounts received before the related work is performed are included in the statement of financial position, as a liability, as "Receipts in advance".

(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(k)), 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Convertible bonds with detachable warrants

Convertible bonds of the Company are issued with detachable warrants. Where the convertible bonds can be converted to equity share capital at the option of the holder and the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, and where the warrants issued by the Company will be settled by exchange of the warrants and fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, convertible bonds with detachable warrants are accounted for as compound financial instruments, which contain a liability component and an equity component.

At initial recognition the liability component is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option and warrants. Any excess of proceeds over the amount initially recognised as liability component and derivative financial instruments is recognised as the equity component.

Transaction costs that relate to the issue of the convertible bonds with detachable warrants, are allocated to the liability component and equity component and derivative financial instruments in proportion to allocation of proceeds. The portion of the transaction costs relating to the liability component and equity component is recognised initially as part of the liability and equity respectively.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bonds are converted or redeemed.

If the bonds are converted, the respective capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the respective capital reserve is released directly to retained profits. If the warrants are exercised, the respective capital reserve, together with the proceeds received at the time of exercise, is transferred to share capital and share premium as consideration for the shares issued. If the warrants are not exercised upon expiry, the respective capital reserve is released directly to retained profits.

(p) Senior notes

Senior notes of the Company are issued with early redemption clause at the option of the Company.

At initial recognition the redemption option is measured at fair value and presented as derivative financial instruments (see note 2(f)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the senior notes are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(f). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 payables, using the effective interest method.

(r) 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(v)(i), trade and other payable are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on 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.

(t) 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.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed in the period in which they are incurred, except to the extent that they are included in properties under development for sale and investment properties under development not yet recognised as an expense.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial (Cox, Ross, Rubinstein) model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options 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 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 is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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 end of the reporting period, 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 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(h), 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 reporting 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax (Continued)

Additional income taxes 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 Company or the Group 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 Company or the Group 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.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees 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(v)(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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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.

(w) 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 held for sale is recognised upon the later of signing of the sale and purchase agreement and the completion of the properties, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer, and collectability of the related receivable is reasonably assured. Revenue from sales of properties with a repurchase clause is recognised when the Group no longer has the obligation to repurchase the properties. Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under "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 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. Revenue from operating leases excludes business tax or other sales related taxes.

(iii) Hotel operations

Revenue arising from hotel operations is recognised on a basis that reflects the timing, nature and value when relevant services are provided.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue recognition (Continued)

(iv) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a cost plus contract appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total contract costs for the contract.

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

Contract revenue excludes business tax or other sales related taxes.

(v) Interest income

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

(vi) Dividend income

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

— Dividend income from listed investments is recognised when the share price of the time investment goes ex-dividend.

(vii) Government grants

Government grants are recognised in the statement of financial position 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. Where grants that compensate the Group for the cost of an asset the fair value is included in the statement of financial position under "Trade and other payables and accruals" and is released to profit or loss over the expected useful life of the relevant asset.

(x) 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 end of the reporting period. Exchange gains and losses are recognised on 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Translation of foreign currencies (Continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in 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.

(y) 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.

(z) 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.

(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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Related parties (Continued)

(b) (Continued)

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

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

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

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.

(aa) 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 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*

— Amendments to HKFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

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

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other 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 as 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.

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 16 and 17.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

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 note 14. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

4 TURNOVER

The principal activities of the Group are property development, property leasing and hotel operations.

Turnover represents income from sales of properties, rental income and revenue from hotel operations. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Income from sales of properties	**6,867,893**	6,301,823
Rental income	**25,671**	24,063
Revenue from hotel operations	**57,561**	19,641
	6,951,125	6,345,527

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2013 *RMB'000*	2012 *RMB'000*
Other revenue		
Interest income	156,947	108,315
Dividend income from unlisted equity securities	1,405	1,411
Government grants	1,500	1,500
	159,852	111,226
Other net income/(loss)		
Net gain on disposals of property, plant and equipment	12,866	360
Net loss on deemed disposal of subsidiaries	–	(33,666)
Gain on disposal of subsidiaries *(notes 37(b)(ii) and (c))*	152,894	–
Gain on deemed disposal of a joint venture *(note 21(d))*	172,027	–
Loss on acquisition of additional interests in joint ventures	(1,383)	(3,689)
Net exchange gain	77,887	13,041
Unrealised gain on trading securities	6,273	21,463
Write down of properties for sale *(note 20)*	(37,588)	–
Loss on disposal of other financial asset *(note 18)*	(1,295)	–
Others	(2,456)	(2,296)
	379,225	(4,787)

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

6 PROFIT BEFORE TAXATION

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

	2013 RMB'000	2012 RMB'000
(a) Finance costs		
Interest on bank loans		
— wholly repayable within five years	122,799	101,119
— wholly repayable after five years	17,103	–
	139,902	101,119
Interest on other loans	156,236	150,359
Interest on convertible bonds	97,262	68,987
Interest on senior notes	406,440	320,871
Other ancillary borrowing costs	3,836	5,930
	803,676	647,266
Less: Borrowing costs capitalised*	(238,477)	(294,126)
	565,199	353,140
Net change in fair value of derivatives embedded in convertible bonds	–	(52,286)
Net gain on modification of convertible bonds	–	(1,686)
Net loss on partial redemption of convertible bonds	–	5,498
Net change in fair value of derivatives embedded in senior notes *(note 29)*	7,600	(35,512)
Loss on early redemption of senior notes *(note 29(a))*	243,906	–
	816,705	269,154

* Borrowing costs have been capitalised at a rate of 2.65%–8.15% per annum (2012: 5.86%–12.80% per annum).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

6 PROFIT BEFORE TAXATION (Continued)

	2013 RMB'000	2012 RMB'000
(b) Staff costs		
Salaries, wages and other benefits	**257,561**	215,673
Including:		
— Retirement scheme contributions	**19,502**	17,618
— Equity settled share-based payment expenses *(note 32(b)(ix))*	**7,487**	4,821

Employees of the Company's subsidiaries in the PRC ("PRC subsidiaries") are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to June 2012)) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

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

	2013 RMB'000	2012 RMB'000
(c) Other items		
Depreciation and amortisation	**76,187**	37,263
Auditors' remuneration	**4,697**	4,288
Cost of properties sold	**4,565,801**	4,089,384
Operating lease charges in respect of properties	**4,217**	3,996
Rental income from investment properties less direct outgoings of RMB2,760,000 (2012: RMB2,134,000)	**(10,625)**	(12,594)
Rental income from properties for sale less direct outgoings of RMB608,000 (2012: RMB524,000)	**(11,678)**	(8,811)

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2013 *RMB'000*	2012 *RMB'000*
Current tax		
PRC Corporate Income Tax *(note 31(a))*	487,376	448,968
PRC Land Appreciation Tax *(note 31(a))*		
— Provision for the year	414,869	448,914
— Over-provision in prior years	(89,119)	–
Withholding tax *(note 31(a))*	67,311	79,507
	880,437	977,389
Deferred tax		
Revaluation of properties *(note 31(b))*	4,343	3,911
PRC Land Appreciation Tax *(note 31(b))*	(30,238)	(5,032)
	(25,895)	(1,121)
	854,542	976,268

(i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

(iii) PRC Corporate Income Tax ("CIT")

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Certain PRC subsidiaries were subjected to CIT calculated based on the deemed profit which represents 10% to 15% (2012: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (2012: 25%) on the deemed profit. Other PRC subsidiaries, which were subjected to the actual taxation method, were charged CIT at a rate of 25% (2012: 25%) on the estimated assessable profits for the year.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(a) Taxation in the consolidated income statement represents: (Continued)

(iv) Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain PRC subsidiaries were subjected to LAT which is calculated based on 1.5% to 4.5% (2012: 1.5% to 4.5%) of their revenue under the authorised taxation method.

(v) Withholding tax

Withholding taxes are levied on the Company's subsidiaries in Hong Kong ("Hong Kong subsidiaries") in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 12%.

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

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**1,939,393**	1,846,062
Tax on profit before tax calculated at 25% (2012: 25%)	**484,848**	461,516
Difference in tax rates for certain subsidiaries	**69,388**	27,747
Tax effect of non-taxable revenue	**(220,002)**	(85,747)
Tax effect of non-deductible expenses	**173,260**	145,887
Tax effect of unused tax losses not recognised	**39,665**	19,743
Utilisation of tax loss not recognised in prior years	**(4,240)**	(9,070)
Over-provision of LAT in prior years	**(89,119)**	–
Withholding tax	**67,311**	79,507
LAT	**414,869**	448,914
Tax effect of LAT	**(81,438)**	(112,229)
Income tax expense	**854,542**	976,268

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of directors' and chief executive's remuneration are set out as follows:

2013

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Share-based payments *(Note 30)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Wu Po Sum	–	4,016	12	–	34	4,062
Yan Yingchun	–	1,110	12	–	150	1,272
Non-executive directors						
Lim Ming Yan	79	–	–	–	–	79
Leow Juan Thong Jason	79	–	–	–	–	79
Wallis Wu (alias Li Hua)	206	–	10	–	–	216
Hu Yongmin	–	–	–	–	–	–
Independent non-executive directors						
Cheung Shek Lun	190	–	–	–	–	190
Wang Shi (resigned on 31 July 2013)	140	–	–	–	–	140
Xin Luolin	190	–	–	–	–	190
Muk Kin You (appointed on 1 August 2013)	79	–	–	–	–	79
Chief executive						
Chen Jianye*	–	3,527	46	–	663	4,236
Total	963	8,653	80	–	847	10,543

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

2012

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Share-based payments *(Note 30)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Wu Po Sum	–	4,130	11	–	164	4,305
Wang Tianye* (resigned on 26 June 2012)	–	1,836	5	3,532	110	5,483
Yan Yingchun	–	976	11	–	164	1,151
Non-executive directors						
Lim Ming Yan	81	–	–	–	–	81
Leow Juan Thong Jason	81	–	–	–	–	81
Wallis Wu (alias Li Hua)	211	–	10	–	–	221
Hu Yongmin	–	–	–	–	–	–
Independent non-executive directors						
Cheung Shek Lun	195	–	–	–	–	195
Wang Shi	195	–	–	–	–	195
Xin Luolin	195	–	–	–	–	195
Chief executive						
Chen Jianye*	–	2,479	11	–	2,005	4,495
Total	958	9,421	48	3,532	2,443	16,402

* Mr. Wang Tianye also resigned as the Group's Chief Executive Officer on 26 June 2012. Mr. Chen Jianye has been appointed as the Group's Chief Executive Officer with effect from 26 June 2012.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the current or prior years. No director has waived or agreed to waive any emoluments for the current or prior years.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

	2013	2012
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**8,175**	4,025
Discretionary bonuses	**4,262**	1,973
Share-based payments	**1,582**	142
Retirement scheme contributions	**117**	64
	14,136	6,204

The emoluments of these four (2012: three) individuals with the highest emoluments are within the following bands:

	2013	2012
RMB1,500,001 to RMB2,000,000	**–**	1
RMB2,000,001 to RMB2,500,000	**2**	2
RMB4,000,001 to RMB4,500,000	**1**	–
RMB5,000,001 to RMB5,500,000	**1**	–

10 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB312,313,000 (2012: RMB313,348,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 32(c).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,025,930,000 (2012: RMB823,086,000) and the weighted average number of 2,433,707,441 ordinary shares (2012: 2,428,060,669 ordinary shares) in issued during the year, calculated as follows:

	2013	2012
	'000	*'000*
Issued ordinary shares 1 January	**2,429,230**	2,428,000
Effect of exercised share options	**4,477**	61
Weighted average number of ordinary shares	**2,433,707**	2,428,061

(b) Diluted earnings per share

For the year ended 31 December 2013, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB1,025,930,000 (2012: RMB823,447,000) and the weighted average number of ordinary shares of 2,438,924,510 shares (2012: 2,681,133,680 shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2013	2012
	RMB'000	*RMB'000*
Profit attributable to equity shareholders	**1,025,930**	823,086
After tax effect of effective interest on the liability component of convertible bonds	**–**	60,549
After tax effect of gain recognised on derivatives embedded in convertible bonds	**–**	(60,188)
Profit attributable to equity shareholders (diluted)	**1,025,930**	823,447

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

11 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

(ii) Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**2,433,707**	2,428,061
Effect of conversion of convertible bonds	**–**	253,073
Effect of exercise of share options	**5,218**	–
Weighted average number of ordinary shares at 31 December (diluted)	**2,438,925**	2,681,134

The Company's convertible bonds and warrants as at 31 December 2013 and the Company's share options and warrants as at 31 December 2012 do not give rise to any dilution effect to the earnings per share.

12 SEGMENT REPORTING

(a) Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8, *Operating segments*.

(b) Turnover from major services

The Group's turnover from its major services is set out in note 4.

(c) Geographical information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan province in the PRC.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

13 PROPERTY, PLANT AND EQUIPMENT

The Group

2013

	Interests in leasehold land held for own use under operating lease *RMB'000*	Buildings *RMB'000*	Construction in progress *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2013	195,515	677,138	734,915	34,717	27,040	1,669,325
Additions	42,503	–	490,531	227,260	16,360	776,654
Disposals	–	(21,142)	–	(1,945)	(3,030)	(26,117)
Transfer	–	219,398	(219,398)	–	–	–
Transfer from property for sale	1,520	4,597	–	–	–	6,117
Acquisition of a subsidiary *(note 37(a))*	–	–	–	57	–	57
Disposal of subsidiaries *(notes 37(b)(ii) and (c))*	–	(2,495)	–	(3,674)	(694)	(6,863)
At 31 December 2013	239,538	877,496	1,006,048	256,415	39,676	2,419,173
Accumulated depreciation and amortisation:						
At 1 January 2013	15,940	75,300	–	21,940	12,794	125,974
Charge for the year	5,200	37,393	–	27,438	6,156	76,187
Written back on disposals	–	(3,674)	–	(1,919)	(1,245)	(6,838)
Disposal of subsidiaries *(notes 37(b)(ii) and (c))*	–	(266)	–	(1,745)	(254)	(2,265)
At 31 December 2013	21,140	108,753	–	45,714	17,451	193,058
Net book value:						
At 31 December 2013	218,398	768,743	1,006,048	210,701	22,225	2,226,115

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

2012

	Interests in leasehold land held for own use under operating lease *RMB'000*	Buildings *RMB'000*	Construction in progress *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2012	192,705	304,545	486,534	34,894	22,313	1,040,991
Additions	–	–	623,739	4,430	8,357	636,526
Disposals	–	(75)	–	(4,607)	(3,630)	(8,312)
Transfer	–	375,358	(375,358)	–	–	–
Transfer from property for sale	2,810	7,014	–	–	–	9,824
Change in fair value	–	6,479	–	–	–	6,479
Transfer to investment properties	–	(16,183)	–	–	–	(16,183)
At 31 December 2012	195,515	677,138	734,915	34,717	27,040	1,669,325
Accumulated depreciation and amortisation:						
At 1 January 2012	11,253	57,272	–	14,609	12,436	95,570
Charge for the year	4,687	19,485	–	9,660	3,431	37,263
Written back on disposals	–	(74)	–	(2,329)	(3,073)	(5,476)
Transfer to investment properties	–	(1,383)	–	–	–	(1,383)
At 31 December 2012	15,940	75,300	–	21,940	12,794	125,974
Net book value:						
At 31 December 2012	179,575	601,838	734,915	12,777	14,246	1,543,351

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of carrying value of leasehold land is set out as follows:

	2013 RMB'000	2012 RMB'000
Long leases	**8,002**	8,132
Medium-term leases	**210,396**	171,443
	218,398	179,575

All the leasehold land of the Group are located in the PRC.

Certain of the Group's property, plant and equipment were pledged as securities of the Group's bank loans and other loans. Details are set out in note 24 and 25 respectively.

The Group's property, plant and equipment of RMB119,266,000 (2012: RMB130,613,000) were pledged as securities of a joint venture's other loan.

14 INVESTMENT PROPERTIES

The Group

	Completed RMB'000	Under development RMB'000	Total RMB'000
At 1 January 2012	278,800	–	278,800
Addition	–	3,600	3,600
Transfer from property for sale	29,428	–	29,428
Transfer from property, plant and equipment	14,800	–	14,800
Change in fair value	17,072	(100)	16,972
At 31 December 2012	340,100	3,500	343,600
Representing:			
Valuation — 2012	340,100	3,500	343,600
At 1 January 2013	**340,100**	**3,500**	**343,600**
Addition	**–**	**3,203**	**3,203**
Transfer	**569**	**(569)**	**–**
Change in fair value	**20,131**	**(1,434)**	**18,697**
At 31 December 2013	**360,800**	**4,700**	**365,500**
Representing:			
Valuation — 2013	**360,800**	**4,700**	**365,500**

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

14 INVESTMENT PROPERTIES (Continued)

(a) The analysis of fair value of investment properties is set out as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
In the PRC		
— long leases	**237,100**	223,100
— medium-term leases	**128,400**	120,500
	365,500	343,600

The Group's investment properties with carrying amount of RMB172,500,000 (2012: RMB162,600,000) were pledged as securities for a joint venture's other loan.

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period 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	**Fair value measurements as at 31 December 2013 categorised into**		
	2013	**Level 1**	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
The Group				
Recurring fair value measurement				
Investment properties:				
— In the PRC	**365,500**	**–**	**–**	**365,500**

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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

14 INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of investment properties (Continued)

All of the Group's investment properties were revalued as at 31 December 2013. The valuations were carried out by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range	Weighted average
Investment properties In the PRC	Income capitalisation approach	Daily market rent (RMB/sq.m.)	0.3 to 8.0	1.65
		Capitalisation rates	2.5% to 7.0%	3.7%

In undertaking the valuation of investment properties, the independent firm of surveyors have mainly adopted the income capitalisation approach whereby the rental incomes of contractual tenancies are capitalised for the unexpired terms of tenancies. They have also taken into account the reversionary market rents after the expiry of tenancies in capitalisation. The fair value measurement is positively correlated to the market rent and negatively correlated to the capitalisation rates.

The movements during the year in the balance of these Level 3 fair value measurements are set out in note 14.

Fair value adjustment of investment properties is recognised in the line item "net increase of fair value of investment properties" on the face of the consolidated income statement.

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period date.

(c) Investment properties leased out under operating leases

The Group leases out its investment properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease after that date at which time all terms are renegotiated.

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

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**10,148**	10,148
After 1 year but within 5 years	**36,117**	47,825
After 5 years	**22,123**	23,623
	68,388	81,596

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES

	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	135,135	135,135
Amounts due from subsidiaries *(note (a))*	6,915,774	5,201,594
	7,050,909	5,336,729
Amount due to a subsidiary *(note (b))*	3,144	3,232

Notes:

(a) Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

(b) Amount due to a subsidiary is unsecured, interest-free and repayable on demand.

The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group.

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Ahead Properties Limited	Hong Kong	HK$1	–	100%	Investment holding	Limited liability company
Anyang Central China City Construction Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Anyang Central China City Development Company Limited*	Henan, the PRC	RMB100,000,000	–	55%	Property development	Limited liability company
Anyang Central China Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Wholly owned foreign enterprise
Artstar Investments Limited*	The British Virgin Islands and Hong Kong	US$10,000	–	95%	Investment holding	Private company
Baofeng Central China Taihe City Construction Company Limited*	Henan, the PRC	RMB20,000,000	–	80%	Property development	Limited liability company
Bumper Up Limited	The British Virgin Islands and Hong Kong	US$1	–	100%	Investment holding	Limited liability company

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities	Legal form
Central China Forest Peninsula (Henan) Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Group (Lingbao) Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Central China Hotel Investments & Management (Zhengzhou) Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Hotel management	Limited liability company
Central China New Land (Henan) Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	–	55%	Property development	Limited liability company
Central China Properties Development Limited	Hong Kong	HK$1	–	100%	Inactive	Private company
Central China Premier Service (Zhengzhou) Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Wine trading	Limited liability company
Central China Real Estate Gold Dragon Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Group (Sanmenxia) Company Limited*	Henan, the PRC	RMB155,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Xinxiang Jili Company Limited*	Henan, the PRC	RMB60,000,000	–	60%	Property development	Limited liability company
Central China Real Estate Group Jiaozuo Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company
Central China Real Estate (Luoyang) Company Limited*	Henan, the PRC	RMB673,000,000	–	100%	Property development	Wholly owned foreign enterprise
Central China Nanyang Hotel Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Wugang Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Central China Real Estate (Zhengzhou) Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Group (China) Company Limited*	Henan, the PRC	RMB2,360,000,000	–	100%	Property development	Wholly owned foreign enterprise
Central China Real Estate He Bi Co. Ltd.*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Central China Real Estate Holdings Limited	The British Virgin Islands and Hong Kong	US$13,289	–	100%	Investments holding	Private company
Central China Real Estate Investments Limited	Hong Kong	HK$1	–	100%	Investments holding	Private company
Central China Triumph Real Estate (Luoyang) Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Changge Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Changyuan Central China City Development Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Construction Premier Service Limited	Hong Kong	HK$1	–	100%	Inactive	Private company
Country Star Holdings Limited	Hong Kong	HK$1	–	95%	Investments holding	Private company
Hebi Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Henan Central China Commercial Properties Management Company Limited*	Henan, the PRC	RMB80,000,000	–	100%	Consulting property investment, leasing and management	Limited liability company
Henan Central China Construction Design Company Limited*	Henan, the PRC	RMB11,000,000	–	100%	Designing	Limited liability company
Henan Central China Construction Materials Commerce and Trading Company Limited*	Henan, the PRC	RMB50,000,000	–	76%	Commerce and trading	Limited liability company
Henan Central China Culture Travelling Property Development Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Henan Central China Kaipu Commercial Development Company*	Henan, the PRC	RMB20,000,000	–	80%	Property development	Limited liability company
Henan Central China Real Estate Company Limited*	Henan, the PRC	RMB390,000,000	–	100%	Property development	Limited liability company
Henan Central China Sun City Real Estate Company Limited*	Henan, the PRC	RMB120,100,000	–	100%	Property development	Limited liability company

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities	Legal form
Henan Central China Yaxing Real Estate Company Limited*	Henan, the PRC	RMB630,000,000	–	100%	Property development	Limited liability company
Henan Central China Zhizun Hotel Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Hotel operation	Limited liability company
Henan Central China Kanghui Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	–	60%	Property development	Limited liability company
Henan Longyuan Real Estate Company Limited*	Henan, the PRC	RMB77,000,000	–	60%	Property development	Limited liability company
Henan St. Andrews Real Estate Company Limited*	Henan, the PRC	RMB8,000,000	–	60%	Property development	Limited liability company
Henan Shengtai Real Estate Company Limited*	Henan, the PRC	RMB2,000,000	–	100%	Hotel operation	Limited liability company
Henan United Clubs Management Company Limited*	Henan, the PRC	RMB15,000,000	–	60%	Property development	Limited liability company
Henan Zhenghe Real Estate Development Company Limited*	Henan, the PRC	RMB80,000,000	–	60%	Property development	Limited liability company
Henan Zhongyuan Central China City Development Company Limited*	Henan, the PRC	RMB150,000,000	–	100%	Property development	Limited liability company
Huaiyang Central China Real Estate Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Jiaozuo Central China Real Estate Company Limited*	Henan, the PRC	RMB35,000,000	–	100%	Property development	Wholly owned foreign enterprise
Jiyuan Central China City Development Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Jiyuan Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Jiyuan Jianye City Construction Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Joy Ascend Holdings Limited*	The British Virgin Islands and Hong Kong	US$14,618	100%	–	Investments holding	Private company

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities	Legal form
Kaifeng Central China Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	–	80%	Property development	Limited liability company
Linying Central China City Construction Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Luohe Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Luohe Central China Changjian Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	–	100%	Property development	Limited liability company
Nanyang Central China Real Estate Company Limited*	Henan, the PRC	RMB10,537,000	–	100%	Property development	Wholly owned foreign enterprise
Pingdingshan Central China City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Pingdingshan Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Pingdingshan Central China Real Estate Company Limited*	Henan, the PRC	RMB28,000,000	–	100%	Property development	Wholly owned foreign enterprise
Puyang Central China City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Puyang Central China Real Estate Company Limited*	Henan, the PRC	RMB40,500,000	–	100%	Property development	Limited liability company
Sanmenxia Central China Real Estate Company Limited*	Henan, the PRC	RMB38,000,000	–	100%	Property development	Wholly owned foreign enterprise
Shanghai Yujin Investments Consultancy Company Limited*	Henan, the PRC	RMB1,000,000	–	100%	Investment holding	Limited liability company
Shangqiu Central China Real Estate Company Limited*	Henan, the PRC	RMB10,537,000	–	100%	Property development	Wholly owned foreign enterprise
Shangqiu Jianye Huarun Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Shuiping Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities	Legal form
Tangyin Central China City Development Company Limited*	Henan, the PRC	RMB80,000,000	–	55%	Property development	Limited liability company
Universal Food City Development (Henan) Company Limited*	Henan, the PRC	RMB203,200,000	–	100%	Property development	Limited liability company
Wugang Central China Zhizun Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Xinxiang Central China City Construction Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Xinxiang Central China Real Estate Company Limited*	Henan, the PRC	RMB44,900,000	–	100%	Property development	Limited liability company
Xinyang Central China Tianming Real Estate Company Limited* *(note (a))*	Henan, the PRC	RMB30,000,000	–	50%	Property development	Limited liability company
Xinxiang Tianheng Real Estate Company Limited* *(note (a))*	Henan, the PRC	RMB20,000,000	–	50%	Property development	Limited liability company
Xinxiang Jinlong Central China Real Estate Company Limited*	Henan, the PRC	RMB58,000,000	–	60%	Property development	Limited liability company
Xiping Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Xiuwu Central China Real Estate Company Limited*	Henan, the PRC	RMB110,000,000	–	100%	Property development	Limited liability company
Xixuan Central China Huachang City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	80%	Property development	Limited liability company
Xuchang Central China Real Estate Company Limited*	Henan, the PRC	RMB57,000,000	–	100%	Property development	Wholly owned foreign enterprise
Xuchang Jinyue Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	70%	Property development	Limited liability company
Xuchang One City Development Company Limited* *(note (a))*	Henan, the PRC	RMB40,000,000	–	49%	Property development	Limited liability company
Yanling Central China Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	–	60%	Travel	Limited liability company
Yanling CCRE Green Foundational Construction Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

15 INTEREST IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities	Legal form
Yanshi Central China City Construction Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Yanshi Yaxin Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	–	60%	Property development	Limited liability company
Yuzhou New Plaza Construction & Development Company Limited*	Henan, the PRC	RMB20,000,000	–	75%	Property development	Limited liability company
Zhecheng Central China City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Zhengzhou Central China Gaoxin Zhiye Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Zhengzhou Jiandong Zhiye Company Limited*	Henan, the PRC	RMB110,000,000	–	60%	Property development	Limited liability company
Zhengzhou Jianye Eighteen Cities Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Zhengzhou United New Town Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Zhengzhou Newcity Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Zhengzhou Yipin Tianxia Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	–	90.6%	Property development	Limited liability company
Zhongya Real Estate Development (Luoyang) Company Limited*	Henan, the PRC	RMB59,690,720	–	95%	Property development	Wholly owned foreign enterprise
Zhumadian Central China Real Estate Company Limited*	Henan, the PRC	RMB37,577,000	–	100%	Property development	Wholly owned foreign enterprise
Zhumadian Central China Real Estate Zhiye Company Limited*	Henan, the PRC	RMB256,000,000	–	100%	Property development	Limited liability company

* KPMG are not statutory auditors of these subsidiaries.

Notes:

(a) These entities are regarded as subsidiaries as the Group controls the board of directors of these entities pursuant to their articles of association.

(b) The English names of the PRC subsidiaries referred to above were translated by management only for the purpose of these financial statements as no English names have been registered or available.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

16 INTERESTS IN ASSOCIATES

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Share of net assets	**13,168**	15,827
Amounts due from associates	**32,090**	32,090
	45,258	47,917

Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

The following list contains the particulars of the Group's associates, all of which are unlisted corporate entities whose quoted market price is not available and not material (in aggregate and/or individually) to the Group:

			Proportion of ownership interest			
Name of company	**Place of incorporation and operation**	**Registered capital**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**	**Legal form**
St. Andrews Golf Club (Zhengzhou) Company Limited*	Henan, the PRC	RMB69,000,000	–	40%	Provision of golf facilities	Wholly owned foreign enterprise
Henan Yushang Property Development Company Limited*	Henan, the PRC	RMB15,000,000	–	30%	Property development	Limited liability company

* KPMG are not the statutory auditors of these associates.

Note: The English names of the Group's associates in the PRC referred to above were translated by management only for the purpose of these financial statements as no English names have been registered or available.

Aggregate information of associates that are not individually material:

	2013	2012
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**45,258**	47,917
Aggregate amounts of the Group's share of those associates'		
Loss from continuing operations	**(2,659)**	(1,758)
Total comprehensive income	**(2,659)**	(1,758)

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

17 INTERESTS IN JOINT VENTURES

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Share of net assets	**3,759,912**	3,650,135
Amounts due from joint ventures	**1,173,942**	1,377,858
	4,933,854	5,027,993

Amounts due from joint ventures, except for an amount of RMB845,000,000 (2012: RMB651,839,000) which is interest bearing at 12% (2012: 7.56%) per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

The following list contains only the particulars of material joint ventures, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
Henan United New Town Real Estate Company Limited* *(note (b))*	Henan, the PRC	RMB652,000,000	–	74.9%	Property development	Limited liability company
Central China Real Estate Nanyang Company Limited* *(note (b))*	Henan, the PRC	RMB579,590,000	–	51%	Property development	Limited liability company
Central China Real Estate Pingdingshan Company Limited* *(note (b))*	Henan, the PRC	RMB310,200,000	–	51%	Property development	Limited liability company
Zhengzhou Central China Tianming Property Company Limited* *(note (b))*	Henan, the PRC	RMB1,500,000,000	–	60% (2012: 58.24%)	Property development	Limited liability company
Henan Coal Chemical Central China Real Estate Development Investment Company Limited* *(note (b))*	Henan, the PRC	RMB977,600,000	–	51.15%	Property development	Limited liability company
Puyang Central China City Development Company Limited* *(note (b))*	Henan, the PRC	RMB820,000,000	–	51.22%	Property development	Limited liability company
Henan Yuanda Company Limited* *(note (b))*	Henan, the PRC	RMB620,000,000	–	51.61%	Property development	Limited liability company

* KPMG are not the statutory auditors of these joint ventures.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

17 INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) The English names of the Group's joint ventures in the PRC referred to above are translated by management only for the purpose of these financial statements as no English names have been registered or available.

(b) The Group provided guarantee returns, ranged from 7.5% to 10.0% per annum, to other investors of these joint ventures. At 31 December 2013 and 2012, the directors consider that the actual and/or estimated return of the other investors of these joint ventures exceed the abovementioned guarantee returns.

The above joint ventures strengthen the Group's property development business in Henan, the PRC.

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

17 INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of material joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

The Group

	Henan United New Town Real Estate Company Limited		Central China Real Estate Nanyang Company Limited		Central China Real Estate Pingdingshan Company Limited		Zhengzhou Central China Tianming Property Company Limited		Henan Coal Chemical Central China Real Estate Development Company Limited		Puyang Central China City Development Company Limited		Henan Yuanda Company Limited	
	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*
Gross amounts of joint ventures														
Current assets	1,252,681	2,050,636	1,830,730	1,364,623	640,611	578,199	4,049,466	2,123,582	1,934,447	1,217,279	1,408,490	971,879	1,469,900	1,129,856
Non-current assets	3,220	6	24,912	13,824	5,085	367	41,376	248	4,906	96	4,238	290	115	162
Current liabilities	(551,025)	(1,068,334)	(831,528)	(690,234)	(330,302)	(210,870)	(715,105)	(700,226)	(580,959)	(231,999)	(384,467)	(170,976)	(394,325)	(402,212)
Non-current liabilities	–	(292,150)	(421,550)	(100,000)	–	(75,000)	(2,000,000)	–	(350,000)	–	(200,000)	–	(400,000)	–
Equity	704,876	690,158	602,564	588,213	315,394	292,696	1,375,737	1,423,604	1,008,394	985,376	828,261	801,193	675,690	727,806
Included in the above assets and liabilities:														
Cash and cash equivalents	2,059	868	8,927	1,322	107	59,805	17,670	230	24,062	24,199	3,882	414	29,963	60,767
Current financial liabilities (excluding trade and other payables and provisions)	–	(292,150)	–	–	–	–	–	–	–	–	–	–	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(421,550)	(100,000)	–	(75,000)	(2,000,000)	–	(350,000)	–	(200,000)	–	(400,000)	–
Revenue	600,611	1,340,144	643,860	114,828	272,386	133,126	–	–	1,515,446	626,195	480,437	–	1,010,571	–
Profit/(loss) from continuing operations	152,219	382,845	92,351	25,548	64,072	(13,987)	(47,903)	(51,702)	199,527	93,423	52,561	(10,804)	299,454	(4,913)
Total comprehensive income	152,219	382,845	92,351	25,548	64,072	(13,987)	(47,903)	(51,702)	199,527	93,423	52,561	(10,804)	299,454	(4,913)
Dividend received from the joint ventures	102,988	244,923	39,780	11,730	22,000	–	–	–	90,528	22,504	15,431	–	181,455	–
Included in the above profit/(loss):														
Depreciation and amortisation	(4)	(1)	(191)	(155)	(165)	(13)	(83)	(58)	(46)	(5)	(110)	(26)	(82)	(78)
Interest income	1,415	882	1,279	1,418	1,134	1,364	5,691	5	2,795	545	917	97	1,258	206
Interest expense	(10,921)	(22,509)	(26,304)	(2,146)	–	(11,118)	(117,517)	(46,626)	(36,386)	(37,078)	–	–	(7,536)	(4,833)
Income tax expense	(80,253)	(367,546)	(63,691)	(30,734)	(29,974)	(6,506)	–	–	(115,594)	(43,614)	(16,256)	–	(225,829)	–
Reconciled to the group's interest in the joint ventures														
Gross amounts of net assets of the joint ventures	704,876	690,158	602,564	588,213	315,394	292,696	1,375,737	1,423,604	1,008,394	985,376	828,261	801,193	675,690	727,806
Group's effective interest	74.9%	74.9%	51%	51%	51%	51%	60%	58.24%	51.15%	51.15%	51.22%	51.22%	51.61%	51.61%
Group's share of net assets of the joint ventures	527,952	516,928	307,307	299,989	160,849	149,275	825,442	829,057	515,750	503,977	424,231	410,367	348,743	375,642
Amount due from joint ventures	13,574	10,923	–	730	–	–	–	698,465	299	–	–	–	–	–
Carrying amount in the consolidated financial statements	541,526	527,851	307,307	300,719	160,849	149,275	825,442	1,527,522	516,049	503,977	424,231	410,367	348,743	375,642

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

17 INTERESTS IN JOINT VENTURES (Continued)

Aggregate information of joint ventures that are not individually material:

	2013 RMB'000	2012 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**1,809,707**	1,232,640
Aggregate amounts of the Group's share of those joint ventures'		
Profit from continuing operations	**149,349**	16,159
Total comprehensive income	**149,349**	16,159

18 OTHER FINANCIAL ASSETS

	The Group	
	2013 RMB'000	2012 RMB'000
Unlisted equity securities, at cost		
— in the PRC	**110,080**	91,800

The unlisted equity securities of the Group do not have quoted market price in active market and were stated at cost at 31 December 2013 and 2012.

19 TRADING SECURITIES

	The Group	
	2013 RMB'000	2012 RMB'000
Listed equity securities at fair value in Hong Kong	**99,085**	95,498

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

20 PROPERTIES FOR SALE

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**6,764,716**	6,320,207
Completed properties held for sale	**4,367,637**	1,609,998
	11,132,353	7,930,205

At 31 December 2013, properties held for future development and under development for sale of RMB6,764,716,000 are net of a provision of RMB37,588,000 (note 5) (2012: RMBNil) in order to state these properties at the lower of their cost and estimate net realisable value.

(a) The analysis of carrying value of leasehold land held for property development for sale is as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
In the PRC		
— long leases	**4,777,074**	4,188,632
— medium-term leases	**304,801**	348,613
	5,081,875	4,537,245

(b) The amount of properties for sale expected to be recovered after more than one year is analysed as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**4,428,545**	3,134,756

(c) Certain of the Group's properties for sale was pledged as securities for the Group's bank and other loans. Details are set out in notes 24 and 25 respectively.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

20 PROPERTIES FOR SALE (Continued)

(d) The Group temporarily leased out certain completed properties held for sale under operating leases. The lease runs for an initial period of one to twenty years. The lease does not include any contingent rental. The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**42,773**	11,077
After 1 year to 5 years	**110,328**	34,193
After 5 years	**84,888**	76,108
	237,989	121,378

The directors confirm that the Group intends to sell the properties together with the respective leases.

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bills receivables *(note (a))*	**31,606**	7,200	**–**	–
Trade receivables *(note (a))*	**17,729**	20,134	**–**	–
Other receivables	**142,291**	133,223	**–**	–
Amounts due from related companies *(note (b))*	**402,838**	223,053	**–**	–
Amounts due from non-controlling interests *(note (c))*	**159,968**	33,301	**–**	–
Amount due from a former joint venture *(note (d))*	**251,721**	–	**–**	–
Loan to non-controlling interests *(note (e))*	**–**	20,000	**–**	–
Gross amount due from customers for contract work	**14,085**	14,085	**–**	–
Derivative financial instruments				
— held as cash flow hedging instrument *(note 29(b))*	**–**	17,267	**–**	17,267
— other derivatives *(notes 29(a), (c) and (d))*	**15,918**	35,112	**15,918**	35,112
	1,036,156	503,375	**15,918**	52,379

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

21 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) The ageing analysis of bills and trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and all of which are neither individually nor collectively considered to be impaired, is as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Current	**40,001**	12,347
Less than 1 month overdue	**–**	172
1 to less than 3 months overdue	**99**	130
3 to less than 6 months overdue	**–**	384
6 months to less than 1 year overdue	**633**	592
More than 1 year overdue	**8,602**	13,709
	49,335	27,334

The Group's credit policy is set out in note 33(b).

Based on assessment, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) The amounts due from related companies included an amount of RMB39,015,000 (2012: RMB39,015,000) in relation to sales of properties in previous years to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB267,740,000 (2012: RMB101,384,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,700,000 (2012: RMB77,700,000) represents the management fee paid on behalf of the trust manager of joint ventures, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

The remaining amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) The amounts due from non-controlling interests included an amount of RMB15,300,000 (2012: RMB15,300,000) which is secured by the equity interests of a PRC subsidiary that partially owned by the non-controlling interest, interest-free and has no fixed terms of repayment, the remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

An amount due from a non-controlling interest of RMB17,001,000 at 31 December 2012 was secured by the equity interests of a PRC subsidiary that partially owned by the non-controlling interest, interest-free and fully recovered during the year.

(d) In December 2013, the Group entered into an agreement with a joint venture partner in respect of the Group's residual interest and profit-sharing arrangement in the joint venture. Pursuant to the agreement, the Group surrendered its right to future profits (and obligation to future losses) and residual assets/liabilities in consideration for RMB501,721,000. The transaction has been accounted for as a deemed disposal of the Group's interest in that joint venture, and a gain of RMB172,027,000 was recognised in profit or loss (note 5). At 31 December 2013, the amount due from the abovementioned joint venture amounted to RMB251,721,000, which represented the remaining consideration to be settled. The amount due from a former joint venture included an amount of RMB241,521,000, which is unsecured, interest-free and recoverable within one year. The remaining amount due from the former joint venture is unsecured, interest-free and has no fixed terms of repayment. The Group remains to be a named venture party.

(e) At 31 December 2012, the loan to non-controlling interests was unsecured, interest bearing at 13.5% per annum and fully recovered during the year.

22 DEPOSITS AND PREPAYMENTS

At 31 December 2013, the balance included deposits and prepayments for leasehold land of RMB5,096,544,000 (2012: RMB3,245,434,000).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

23 RESTRICTED BANK DEPOSITS

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Guarantee deposits in respect of:		
— mortgage loans related to property sale	**230,096**	203,772
— bills payable	**648,437**	661,560
— bank loans *(note 24(b))*	**–**	106,951
	878,533	972,283

24 BANK LOANS

(a) At 31 December 2013, the bank loans were repayable as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year or on demand	**538,745**	675,000
After 1 year but within 2 years	**398,500**	412,000
After 2 years but within 5 years	**348,000**	447,500
After 5 years	**231,960**	62,000
	978,460	921,500
	1,517,205	1,596,500

(b) At 31 December 2013, the bank loans were secured as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Bank loans		
— secured	**1,387,205**	1,501,500
— unsecured	**130,000**	95,000
	1,517,205	1,596,500

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

24 BANK LOANS(Continued)

(b) (Continued)

At 31 December 2013, assets of the Group secured against bank loans are analysed as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Properties for sale	**2,026,909**	2,458,824
Restricted bank deposits *(note 23)*	**–**	106,951
Property, plant and equipment	**1,022,697**	683,743
	3,049,606	3,249,518

(c) The effective interest rates of bank loans of the Group at 31 December 2013 were ranged from 6.46%–8.00% (2012: 2.65%–8.31%) per annum.

(d) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable 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 33(c). As at 31 December 2013 and 2012, none of the covenants relating to drawn down facilities had been breached.

25 OTHER LOANS

(a) At 31 December 2013, other loans were repayable as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**1,068,180**	739,702
After 1 year but within 2 years	**–**	868,980
After 2 years but within 5 years	**500,000**	47,000
	500,000	915,980
	1,568,180	1,655,682

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

25 OTHER LOANS (Continued)

(a) (Continued)

The other loans at 31 December 2013 included:

(1) the loan from a joint venture, Bridge-CCRE Trust I, amounted to RMB80,000,000 (2012: RMB80,000,000), which is unsecured, interest bearing at 7.125% (2012: 7.125%) per annum and repayable within one year; and

(2) the loan from a joint venture of RMB378,180,000 (2012: RMB526,942,000), which is unsecured, interest bearing at 12.8% (2012: 12.8%) per annum and repayable by 23 September 2014.

Other loans also included the loan from non-controlling interest of RMB39,740,000 at 31 December 2012, which was unsecured, interest bearing at 12% per annum and was fully settled during the year.

(b) At 31 December 2013, the other loans were secured as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Other loans		
— secured	**910,000**	979,000
— unsecured	**658,180**	676,682
	1,568,180	1,655,682

At 31 December 2013, assets of the Group secured against other loans are analysed as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Properties for sales	**905,608**	267,917
Property, plant and equipment	**–**	285,840
	905,608	553,757

(c) The effective interest rates of other loans of the Group at 31 December 2013 were ranged from 6.30%–12.80% (2012: 6.49%–14.95%) per annum.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

26 TRADE AND OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bills payable *(note (a))*	**638,823**	636,268	**–**	–
Trade payables *(note (a))*	**3,676,074**	2,575,938	**–**	–
Other payables and accruals	**1,046,680**	755,890	**74,259**	60,750
Amounts due to joint ventures *(note (b))*	**7,475,380**	4,012,191	**–**	–
Amounts due to non-controlling interests *(note (b))*	**422,859**	238,035	**–**	–
Amount due to an associate *(note (b))*	**21,381**	–	**–**	–
Derivative financial instruments — held as cash flow hedging instrument *(note 29 (b))*	**16,929**	–	**16,929**	–
	13,298,126	8,218,322	**91,188**	60,750

At 31 December 2013, included in trade and other payables and accruals are retention payable of RMB53,629,000 (2012: RMB68,008,000) which are expected to be settled more than one year.

Notes:

(a) The ageing analysis of bills and trade payables is set out as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Due within 1 month or on demand	**2,104,928**	2,041,858
Due after 1 month but within 3 months	**548,327**	385,464
Due after 3 month but within 6 months	**469,883**	481,831
Due after 6 month but within 1 year	**522,106**	18,789
Due after 1 year	**669,653**	284,264
	4,314,897	3,212,206

(b) The amounts due to joint ventures, non-controlling interests and an associate are unsecured, interest-free and have no fixed terms of repayment.

27 RECEIPTS IN ADVANCE

Receipts in advance represent sale proceeds in connection with pre-sale of properties.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

28 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK$765,000,000 due 2014 and 76,097,561 warrants. The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK$4.1 per share, subject to anti-dilutive adjustment. Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments in accordance with the Group's accounting policies.

As a result of the rights issue of the Company on 28 June 2011, the conversion price of the convertible bonds and the exercise price of the warrants were adjusted to HK$2.984 and HK$3.947 respectively.

In addition to the above, the Company and the holders of the convertible bonds may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 at a pre-determined redemption prices.

In November 2012, one of the holders exercised its redemption option to early redeem the convertible bonds with principal amount of HK$78,000,000, and surrendered its 7,758,967 warrants. In addition, the terms of the convertible bonds have been modified including the following:

— removal of the early redemption rights from the holders and Company;

— a guaranteed gross yield of 8% per annum from date of issuance to 31 August 2012 and 10.5% per annum from 1 September 2012 to maturity date, on an annual compounding basis; and

— certain adjustment on financial covenants.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

28 CONVERTIBLE BONDS (Continued)

The movements of different components of the convertible bonds/warrants are set out below:

The Group and the Company

	Liability component of the convertible bonds (Note 28(a)) RMB'000	Redemption call option RMB'000	Redemption put option RMB'000	Equity component of the convertible bonds (Note 28(b)) RMB'000	Warrant reserve (Note 28(b)) RMB'000	Total RMB'000
At 1 January 2012	549,665	(3,595)	132,959	43,166	11,906	734,101
Interest and transaction costs amortised	38,912	–	–	–	–	38,912
Change in fair value	–	(4,495)	(47,791)	–	–	(52,286)
Modification of convertible bonds	62,326	7,276	(76,873)	–	–	(7,271)
Partial redemption of convertible bonds	(57,812)	826	(8,728)	(4,401)	(1,214)	(71,329)
Exchange difference	(5,558)	(12)	433	–	–	(5,137)
At 31 December 2012	587,533	–	–	38,765	10,692	636,990
At 1 January 2013	**587,533**	**–**	**–**	**38,765**	**10,692**	**636,990**
Interest and transaction costs amortised	**70,867**	**–**	**–**	**–**	**–**	**70,867**
Exchange difference	**(16,942)**	**–**	**–**	**–**	**–**	**(16,942)**
At 31 December 2013	**641,458**	**–**	**–**	**38,765**	**10,692**	**690,915**

(a) Liability component of convertible bonds represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 16.1% per annum.

(b) Equity component of convertible bonds and warrant reserve represent the excess of proceeds of the convertible bonds over the amount initially recognised as the liability component of convertible bonds.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

29 SENIOR NOTES

Liability component of the Senior Notes:

	The Group and the Company	
	2013	2012
	RMB'000	*RMB'000*
US$300m Senior Notes *(note (a))*	**–**	1,843,725
SGD175m Senior Notes *(note (b))*	**823,765**	886,864
US$200m Senior Notes *(note (c))*	**1,212,025**	–
US$400m Senior Notes *(note (d))*	**2,420,053**	–
	4,455,843	2,730,589

(a) On 20 October 2010, the Company issued secured senior notes with principal amount of US$300,000,000 due 2015 ("US$300m Senior Notes"). The senior notes are interest-bearing at 12.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 20 October 2015. On or after 20 October 2013, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 20 October 2013, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

In June 2013, the Company early redeemed US$300m Senior Notes in whole. Net loss on the redemption of RMB243,906,000 (note 6(a)) was recognised in profit or loss during the year.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

29 SENIOR NOTES (Continued)

Liability component of the Senior Notes: (Continued)

(a) (Continued)

The movements of different components of US$300m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes	Redemption call option	Total
	(Note 29(a)(i))	*(Notes 21 and 29(a)(ii))*	
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2012	1,849,885	–	1,849,885
Interest and transaction costs amortised	8,809	–	8,809
Change in fair value *(note 6(a))*	–	(35,512)	(35,512)
Exchange difference	(14,969)	400	(14,569)
At 31 December 2012	1,843,725	(35,112)	1,808,613
At 1 January 2013	**1,843,725**	**(35,112)**	**1,808,613**
Interest and transaction costs amortised	**5,088**	**–**	**5,088**
Exchange difference	**(22,482)**	**527**	**(21,955)**
Early redemption of senior notes	**(1,826,331)**	**34,585**	**(1,791,746)**
At 31 December 2013	**–**	**–**	**–**

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

29 SENIOR NOTES (Continued)

Liability component of the Senior Notes: (Continued)

(a) (Continued)

(i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 12.79% per annum.

(ii) Redemption call option represents the fair value of the Company's option to early redeem the senior notes and was recorded as derivative financial instruments under "Trade and other receivables" (note 21) at 31 December 2012.

The assumptions applied in determining the fair value of the redemption call option at 31 December 2012 were set out as follows:

Credit spread	7.5%

(b) On 11 April 2012, the Company issued another senior notes with principal amount of SGD175,000,000 due in 2016 ("SGD175m Senior Notes"). The senior notes are interest bearing at 10.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 18 April 2016. At any time prior to 18 April 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD175m Senior Notes by swapping the SGD175m Senior Notes principal of SGD175 million into US$137 million. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD175,000,000 and the contract will mature on 18 April 2016. The foreign exchange rate swap contract is accounted for at fair value at the end of each reporting period as derivative financial instrument in accordance with the accounting policies. As at 31 December 2013, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB16,929,000 (note 26) (2012: asset of RMB17,267,000) (note 21) is measured based on market price quoted by brokers.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

29 SENIOR NOTES (Continued)

Liability component of the Senior Notes: (Continued)

(b) (Continued)

The movements of SGD175m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes *(Note 29(b)(i))* *RMB'000*
Proceeds from issuance senior notes	884,347
Transaction costs	(21,113)
Net proceeds	863,234
Interest and transaction cost amortised	3,705
Exchange difference	19,925
At 31 December 2012	886,864
At 1 January 2013	**886,864**
Interest and transaction cost amortised	**3,558**
Exchange difference	**(66,657)**
At 31 December 2013	**823,765**

(i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 11.36% per annum.

(c) On 21 January 2013, the Company issued senior notes with principal amount of US$200,000,000 due in 2020 ("US$200m Senior Notes"). The senior notes are interest bearing at 8% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 28 January 2020. At any time and from time to time on or after 28 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 28 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

29 SENIOR NOTES (Continued)

Liability component of the Senior Notes: (Continued)

(c) (Continued)

The movements of US$200m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes	Redemption call option	Total
	(Note 29(c)(i))	*(Notes 21 and 29(c)(ii))*	
	RMB'000	*RMB'000*	*RMB'000*
Proceeds from issuance senior notes	1,264,410	(12,705)	1,251,705
Transaction costs	(21,593)	217	(21,376)
Net proceeds	1,242,817	(12,488)	1,230,329
Interest and transaction cost amortised	899	–	899
Change in fair value *(note 6(a))*	–	1,330	1,330
Exchange difference	(31,691)	302	(31,389)
At 31 December 2013	1,212,025	(10,856)	1,201,169

(i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 8.13% per annum.

(ii) Redemption call option represents the fair value of the Company's option to early redeem the senior notes and is recorded as derivative financial instruments under "Trade and other receivables" (note 21).

The assumptions applied in determining the fair value of the redemption call option at 31 December 2013 are set out as follows:

Credit spread	5.9%

(d) On 22 May, 2013, the Company issued senior notes with principal amount of US$400,000,000 due in 2018 ("US$400m Senior Notes"). The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 4 June 2018. At any time and from time to time on or after 4 June 2016, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 4 June 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

29 SENIOR NOTES (Continued)

Liability component of the Senior Notes: (Continued)

(d) (Continued)

The movements of US$400m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes *(Note 29(d)(i))* RMB'000	Redemption call option *(Notes 21 and 29(d)(ii))* RMB'000	Total RMB'000
Proceeds from issuance senior notes	2,476,563	(11,524)	2,465,039
Transaction costs	(33,452)	156	(33,296)
Net proceeds	2,443,111	(11,368)	2,431,743
Interest and transaction cost amortised	2,187	–	2,187
Change in fair value *(note 6(a))*	–	6,270	6,270
Exchange difference	(25,245)	36	(25,209)
At 31 December 2013	2,420,053	(5,062)	2,414,991

(i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 6.71% per annum.

(ii) Redemption call option represents the fair value of the Company's option to early redeem the senior notes and is recorded as derivative financial instruments under "Trade and other receivables" (note 21).

The assumptions applied in determining the fair value of the redemption call option at 31 December 2013 are set out as follows:

Credit spread	5.4%

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

30 EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Pre-IPO share option scheme

On 14 May 2008, the Company conditionally granted certain pre-IPO share options to the Company's directors, employees and consultants. The exercise of these share options would entitle five of the Company's directors and ninety employees and consultants of the Group to subscribe for an aggregate of 14,350,000 shares and 17,650,000 shares of the Company respectively. The exercise price is HK$2.75 per share. The pre-IPO share option scheme was effective from the listing date of the Company's share on the Stock Exchange of Hong Kong Limited, i.e. 6 June 2008. Under the pre-IPO share option scheme, no pre-IPO share options are exercisable within the first year from the listing date. Not more than 20% of the share options are exercisable with the second year from the listing date and not more than 40% of the share options are exercisable in each of the third and fourth year from the listing date. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of pre-IPO share options was adjusted to HK$2.682 and the number of outstanding share options was adjusted from 28,150,000 to 28,859,380.

(b) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle three of the Company's directors and seven employees of the Group to subscribe for an aggregate of 6,000,000 shares and 14,000,000 shares of the Company respectively. The exercise price is HK$1.9 per share. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of the share options granted on 25 May 2010 was adjusted to HK$1.853 and the number of outstanding share options was adjusted from 20,000,000 to 20,504,000.

(c) Share options granted on 25 July 2011

On 25 July 2011, the Company conditionally granted certain share options to the Company's employees. The exercise of these share options would entitle six employees of the Group to subscribe for an aggregate of 12,500,000 shares of the Company. The exercise price is HK$2.16 per share. The share option scheme was effective from 25 July 2011. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

30 EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(d) Share options granted on 27 March 2013

On 27 March 2013, the Company conditionally granted certain share options to the Company's director and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregated of 24,000,000 shares of the Company. The exercise price is HK$2.56 per share. The share option scheme was effective from 27 March 2013. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

The weighted average value per share option granted during the year estimated at the date of grant using binomial (Coz, Ross, Rubinstein) model was HK$0.962. The weighted average assumptions used are as follows:

Fair value at measurement date	HK$0.962
Share price	HK$2.56
Exercise price	HK$2.56
Expected volatility	54%
Option life	10 years
Expected dividends	5%
Risk-free interest rate	1.16%

The expected volatility was based on statistical analysis of daily share average prices of group of listed companies in the similar industry over the one year immediately preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were estimated based on the dividend policy of the Group. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition had 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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

30 EQUITY SETTLED SHARE-BASED TRANSACTION (Continued)

(e) The number and the weighted average exercise price of share options are as follows:

	2013		2012	
	Weighted average exercise price HK$	Number of options	Weighted average exercise price *HK$*	Number of options
Outstanding at 1 January	2.32	52,404,620	2.32	57,697,860
Granted during the year	2.56	24,000,000	–	–
Exercised during the year	2.12	(6,114,360)	1.85	(1,230,240)
Lapsed during the year	2.68	(25,045,980)	2.49	(4,063,000)
Outstanding at 31 December	2.28	45,244,280	2.32	52,404,620
Exercisable at 31 December	1.95	18,244,280	2.58	35,728,220

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.64 (2012: HK$2.24).

The options outstanding at 31 December 2013 had a weighted average exercise price of HK$2.28 (2012: HK$2.32) and a weighted average remaining contractual life of 8.1 years (2012: 4.12 years).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group			
	CIT	LAT	Withholding tax	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	216,517	430,677	72,439	719,633
Charged to the consolidated income statement *(note 7(a))*	448,968	448,914	79,507	977,389
Deemed disposal of subsidiaries	28,532	6,909	–	35,441
Tax paid	(437,943)	(287,795)	(2,350)	(728,088)
At 31 December 2012	256,074	598,705	149,596	1,004,375
At 1 January 2013	**256,074**	**598,705**	**149,596**	**1,004,375**
Charged to the consolidated income statement *(note 7(a))*	**487,376**	**325,750**	**67,311**	**880,437**
Disposal of subsidiaries *(notes 37(b)(ii) and (c))*	**6,259**	**14,599**	**–**	**20,858**
Tax paid	**(499,501)**	**(336,483)**	**(5,103)**	**(841,087)**
At 31 December 2013	**250,208**	**602,571**	**211,804**	**1,064,583**

	2013	2012
	RMB'000	*RMB'000*
Representing:		
Tax payable	**1,187,229**	1,121,817
Prepaid tax	**(122,646)**	(117,442)
	1,064,583	1,004,375

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

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

	The Group		
	Revaluation of properties *RMB'000*	**LAT** *RMB'000*	**Total** *RMB'000*
At 1 January 2012	(51,493)	111,570	60,077
(Charged)/credited to the consolidated income statement *(note 7(a))*	(3,911)	5,032	1,121
At 31 December 2012	(55,404)	116,602	61,198
At 1 January 2013	**(55,404)**	**116,602**	**61,198**
(Charged)/credited to the consolidated income statement *(note 7(a))*	**(4,343)**	**30,238**	**25,895**
Disposal of subsidiaries *(note 37(b)(ii))*	**–**	**71**	**71**
At 31 December 2013	**(59,747)**	**146,911**	**87,164**

	2013 *RMB'000*	2012 *RMB'000*
Representing:		
Deferred tax assets	**146,911**	116,602
Deferred tax liabilities	**(59,747)**	(55,404)
	87,164	61,198

(c) Deferred tax assets not recognised:

The Company has not recognised deferred tax assets in respect of cumulative tax losses of RMB290,487,000 (2012: RMB148,787,000) at 31 December 2013, as it is not probable that future taxable profits against which losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will be expired within five years.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Authorised and issued share capital

	2013		2012	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Ordinary shares, issued and fully paid:				
At 1 January	**2,429,230**	**242,923**	2,428,000	242,800
Issued of shares under share option scheme	**6,115**	**611**	1,230	123
At 31 December	**2,435,345**	**243,534**	2,429,230	242,923
RMB'000 equivalent at 31 December		**215,770**		215,285

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.

(ii) Issued of shares under share option scheme

During the year, options were exercised to subscribe for totally 6,114,360 ordinary shares in the Company at a total consideration of HK$12,945,000 (equivalent to RMB10,253,000) of which HK$611,000 (equivalent to RMB485,000) was credited to share capital and the balance of HK$12,334,000 (equivalent to RMB9,768,000) was credited to the share premium account. HK$3,495,000 (equivalent to RMB2,803,000) has been transferred from share-based compensation reserve to the share premium account in accordance with the Group's accounting policy set out in note 2(t)(ii).

In 2012, options were exercised to subscribe for 1,230,240 ordinary shares in the Company at a consideration of HK$2,280,000 (equivalent to RMB1,854,000) of which HK$123,000 (equivalent to RMB100,000) was credited to share capital and the balance of HK$2,157,000 (equivalent to RMB1,754,000) was credited to the share premium account. HK$919,000 (equivalent to RMB747,000) has been transferred from share-based compensation reserve to the share premium amount in accordance with policy set out in note 2(t)(ii).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves

(i) Share premium

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonuses shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

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) Statutory reserve fund

The statutory reserve fund 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.

(iii) Other capital reserve

Other capital reserve includes the difference between the Group's considerations of acquisition of additional interests in subsidiaries from non-controlling interests and the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares issued by the Group in exchange thereafter.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 2(x).

(v) Share-based compensation reserve

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option schemes as set out in note 30.

(vi) Property revaluation reserve

In 2012, the property, plant and equipment with a carrying amount of RMB14,800,000 was transferred to investment properties. The difference between the carrying amount of RMB14,800,000 and the net book value of RMB8,321,000 was recognised directly in equity as property revaluation reserve.

(vii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments use in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2(g).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves (Continued)

(viii) Distributability of reserves

At 31 December 2013, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company at 31 December 2013 was RMB1,785,221,000 (2012: RMB1,704,441,000). After the end of the reporting period, the directors proposed a final dividend of HK$10.7 cents, equivalent to RMB8.49 cents (2012: HK$8.0 cents, equivalent to RMB6.45 cents) per ordinary share, amounting to RMB206,811,000 (2012: RMB156,970,000). This dividend has not been recognised as a liability at the end of the reporting period.

The Company relies on distributions or advances from its subsidiaries to pay any dividends. The ability of these subsidiaries to make distributions to the Company and the Company's ability to receive distributions are subject to applicable legal and other restrictions, including but not limited to restrictions on payment of dividends by PRC subsidiaries to non-PRC shareholders out of the PRC. These restrictions may impact the payment of distributions from the subsidiaries to the Company.

(ix) 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:

The Company

	Share capital *(Note 32(a))* *RMB'000*	Share premium *(Note 32(b)(i))* *RMB'000*	Exchange reserve *(Note 32(b)(iv))* *RMB'000*	Share-based compensation reserve *(Note 32(b)(v))* *RMB'000*	Hedging reserve *(Note 32(b)(vii))* *RMB'000*	Equity component of convertible bonds *(Note 28)* *RMB'000*	Warrant reserve *(Note 28)* *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
Balance at 1 January 2012	215,185	1,637,759	(132,834)	28,150	–	43,166	11,906	213,149	2,016,481
Changes in equity for 2012:									
Profit for the year	–	–	–	–	–	–	–	313,348	313,348
Other comprehensive income									
— Exchange difference on translation of financial statements	–	–	(7,505)	–	–	–	–	–	(7,505)
— Cash flow hedge:									
— Effective position of changes in fair value	–	–	–	–	17,267	–	–	–	17,267
— Transfer from equity to profit or loss	–	–	–	–	(47,696)	–	–	–	(47,696)
Total comprehensive income	–	–	(7,505)	–	(30,429)	–	–	313,348	275,414
Final dividends approved in respect of the previous year *(note 32(c)(ii))*	–	–	–	–	–	–	–	(199,343)	(199,343)
Interim dividends declared in respect of current year *(note 32(c)(i))*	–	–	–	–	–	–	–	(89,705)	(89,705)
Issue of new shares under share option scheme *(note 32(a)(ii))*	100	2,501	–	(747)	–	–	–	–	1,854
Equity settled share-based payment *(note 6(b))*	–	–	–	(1,569)	–	–	–	6,390	4,821
Partial redemption of convertible bonds *(note 28)*	–	–	–	–	–	(4,401)	(1,214)	5,843	228
	100	2,501	–	(2,316)	–	(4,401)	(1,214)	(276,815)	(282,145)
Balance at 31 December 2012	215,285	1,640,260	(140,339)	25,834	(30,429)	38,765	10,692	249,682	2,009,750

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves (Continued)

(ix) Movements in components of equity (Continued)

	Share capital *(Note 32(a))* *RMB'000*	Share premium *(Note 32(b)(i))* *RMB'000*	Exchange reserve *(Note 32(b)(iv))* *RMB'000*	Share-based compensation reserve *(Note 32(b)(v))* *RMB'000*	Hedging reserve *(Note 32(b)(vii))* *RMB'000*	Equity component of convertible bonds *(Note 28)* *RMB'000*	Warrant reserve *(Note 28)* *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
Balance at 1 January 2013	215,285	1,640,260	(140,339)	25,834	(30,429)	38,765	10,692	249,682	2,009,750
Changes in equity for 2013:									
Profit for the year	-	-	-	-	-	-	-	312,313	312,313
Other comprehensive income									
— Exchange difference on translation of financial statements	-	-	(43,175)	-	-	-	-	-	(43,175)
— Cash flow hedge:									
— Effective position of changes in fair value	-	-	-	-	(34,196)	-	-	-	(34,196)
— Transfer from equity to profit or loss	-	-	-	-	42,880	-	-	-	42,880
Total comprehensive income	-	-	(43,175)	-	8,684	-	-	312,313	277,822
Final dividends approved in respect of the previous year *(note 32(c)(ii))*	-	-	-	-	-	-	-	(159,840)	(159,840)
Interim dividends declared in respect of current year *(note 32(c)(i))*	-	-	-	-	-	-	-	(100,245)	(100,245)
Issue of new shares under share option scheme *(note 32(a)(ii))*	485	12,571	-	(2,803)	-			-	10,253
Equity settled share-based payment *(note 6(b))*	-	-	-	(6,507)	-	-	-	13,994	7,487
	485	12,571	-	(9,310)	-	-	-	(246,091)	(242,345)
Balance at 31 December 2013	215,770	1,652,831	(183,514)	16,524	(21,745)	38,765	10,692	315,904	2,045,227

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2013 *RMB'000*	2012 *RMB'000*
Interim dividend declared and paid of HK$5.2 cents (equivalent to RMB4.1 cents) per ordinary share (2012: HK$4.5 cents (equivalent to RMB3.69 cents)	**100,245**	89,705
Final dividend proposed after the end of the reporting period of HK$10.7 cents (equivalent to RMB8.49 cents) per ordinary share (2012: HK$8.0 cents (equivalent to RMB6.45 cents) per ordinary share)	**206,811**	156,970
	307,056	246,675

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends (Continued)

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

	2013 *RMB'000*	2012 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$8.0 cents (equivalent to RMB6.6 cents) per ordinary share (2012: HK$10.0 cents (equivalent to RMB8.21 cents) per ordinary share)	159,840	199,343

(d) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity 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 gearing ratio. This ratio is calculated as net debt divided by total equity of the Group. Net debt is calculated as total bank and other loans, convertible bonds and senior notes less cash and cash equivalents and restricted bank deposits secured against bank loans.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

32 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Capital management (Continued)

The gearing ratio at 31 December 2013 and 2012 was as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Current liabilities		
— Bank loans	**538,745**	675,000
— Other loans	**1,068,180**	739,702
— Convertible bonds	**641,458**	–
	2,248,383	1,414,702
Non-current liabilities		
— Bank loans	**978,460**	921,500
— Other loans	**500,000**	915,980
— Convertible bonds	**–**	587,533
— Senior notes	**4,455,843**	2,730,589
	5,934,303	5,155,602
Total debt	**8,182,686**	6,570,304
Less: Cash and cash equivalents	**(4,812,575)**	(3,949,775)
Restricted bank deposits secured against bank loans	**–**	(106,951)
Net debt	**3,370,111**	2,513,578
Total equity	**6,699,847**	5,623,210
Gearing ratio	**50.3%**	44.7%

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and 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) Interest rate risk

The Group's interest rate risk arises primarily from restricted bank deposits, cash and cash equivalents, bank loans and other loans. The Group does not carry out any hedging activities to manage its interest rate exposure.

At 31 December 2013, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit and total equity by approximately RMB38,130,000 (2012: RMB31,920,000).

The analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The analysis is performed on the same basis for 2012.

(b) Credit risk

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

In respect of trade receivables of mortgage sales, no credit terms will be granted to the buyers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the property and provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the dates of grants of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificate.

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the customer's deposit, take over the ownerships of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual building ownership certificates for these purchasers until full payment are received. Sales and marketing staff of the Group is delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

In respect of other receivables, the Group assesses the financial abilities of the debtors before granting the facilities to them. The Group chases the debtors to settle outstanding balances and monitors the settlement progress on an ongoing basis. In respect of trade receivables arising from other sales and other receivables, the Group assesses the financial abilities of the purchasers/debtors before granting the instalment sales/facilities to them. The Group chases the debtors to settle outstanding balances and monitors the settlement progress on an ongoing basis. The Group would not apply individual property ownership certificates for the property buyers until the outstanding balances are fully settled. Other than that, normally, the Group does not obtain collateral from debtors. The impairment losses on bad and doubtful accounts are within management's expectation.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Credit risk (Continued)

Restricted bank deposit and cash and cash equivalents are deposited with financial institutions with sound credit ratings to minimise credit exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

(c) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computing using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	2013					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	670,089	471,414	391,853	250,192	1,783,548	1,517,205
Other loans	1,208,085	39,000	539,000	–	1,786,085	1,568,180
Convertible bonds	712,101	–	–	–	712,101	641,458
Senior notes	358,098	358,098	3,983,570	1,324,868	6,024,634	4,455,843
Trade and other payables and accruals	12,894,832	365,365	9,000	12,000	13,281,197	13,281,197
	15,843,205	1,233,877	4,923,423	1,587,060	23,587,565	21,463,883
Financial guarantees issued:						
— Maximum amount guaranteed *(note 35)*	8,898,095	–	–	–	8,898,095	

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The Group (Continued)

	2012					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	768,970	472,019	485,441	86,366	1,812,796	1,596,500
Other loans	817,662	925,330	48,691	–	1,791,683	1,655,682
Convertible bonds	27,060	732,079	–	–	759,139	587,533
Senior notes	324,228	324,592	3,068,729	–	3,717,549	2,730,589
Trade and other payables and accruals	8,062,070	156,252	–	–	8,218,322	8,218,322
	9,999,990	2,610,272	3,602,861	86,366	16,299,489	14,788,626
Financial guarantees issued:						
— Maximum amount guaranteed *(note 35)*	6,860,893	–	–	–	6,860,893	

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The Company

	2013					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Convertible bonds	712,101	–	–	–	712,101	641,458
Senior notes	358,098	358,098	3,983,570	1,324,868	6,024,634	4,455,843
Other payables and accruals	74,259	–	–	–	74,259	74,259
	1,144,458	358,098	3,983,570	1,324,868	6,810,994	5,171,560

	2012				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Convertible bonds	27,060	732,079	–	759,139	587,533
Senior notes	324,228	324,592	3,068,729	3,717,549	2,730,589
Other payables and accruals	60,750	–	–	60,750	60,750
	412,038	1,056,671	3,068,729	4,537,438	3,378,872

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through bank deposits, senior notes and inter-company borrowings that are denominated in a currency other than the functional currency of the operations to which they related. The currencies giving rise to this risk are primarily Hong Kong Dollars, United States Dollars and Singapore Dollars.

The following table details the Group's exposure at 31 December 2013 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	The Group					
	2013			2012		
	Singapore Dollars '000	United States Dollars '000	Hong Kong Dollars '000	Singapore Dollars '000	United States Dollars '000	Hong Kong Dollars '000
Cash and cash equivalents	2	44,858	30,882	–	17	9,477
Senior notes	(172,289)	(595,521)	–	(171,563)	(294,907)	–
Inter-company borrowings	–	(30,000)	(160,000)	–	(30,000)	(160,000)
Gross exposure arising from recognised assets and liabilities and overall net exposure	(172,287)	(580,663)	(129,118)	(171,563)	(324,890)	(150,523)

In addition to the above, subsidiaries of the Company with functional currency of Hong Kong Dollars, have receivables of RMB3,332,095,000 (2012: RMB1,366,974,000) from PRC subsidiaries.

A reasonably possible increase/decrease of 5% (2012: 5%) in the foreign exchange rate of RMB against Hong Kong Dollars and United States Dollars would increase/decrease the Group's profit after tax and total equity by RMB154,960,000 (2012: RMB52,957,000). As Hong Kong Dollars are pegged to United States Dollars, the movement of exchange rate of Hong Kong Dollars against United States Dollars is considered insignificant. Moreover, the Group entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of SGD175m Senior Notes as discussed in note 29(b).

The above analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 19).

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities other industry indications, as well as the Group's liquidity needs. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

The Group is also 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. As at the end of the reporting periods the Group is exposed to this risk through the conversion rights attached to the convertible bonds issued by the Company as disclosed in note 28.

A reasonably possible increase/decrease of 5% (2012: 5%) in the relevant stock market index (for trading securities) or the Company's own share price (for the conversion option of convertible bonds) as applicable, with all other variables held constant, the impact on the Group's and the Company's profit after tax and total equity is not expected to be material.

(f) Fair value measurement

(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 end of the reporting period 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

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group

	Fair value measurement as at 31 December 2013 categorised into			
	Fair value at 31 December 2013 *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	99,085	99,085	–	–
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	10,856	–	10,856	–
— Redemption call option of US$400m Senior Notes	5,062	–	5,062	–
Liability:				
Derivative financial instruments:				
— Foreign exchange swap contract	16,929	–	16,929	–

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group (Continued)

	Fair value at 31 December 2012 *RMB'000*	Fair value measurement as at 31 December 2012 categorised into Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	95,498	95,498	–	–
Derivative financial instruments:				
— Redemption call option of US$300m Senior Notes	35,112	–	35,112	–
— Foreign exchange swap contract	17,267	–	17,267	–

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.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Company

	Fair value measurement as at 31 December 2013 categorised into			
	Fair value at 31 December 2013 *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Recurring fair value measurements				
Assets:				
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	10,856	–	10,856	–
— Redemption call option of US$400m Senior Notes	5,062	–	5,062	–
Liability:				
Derivative financial instruments:				
— Foreign exchange swap contract	16,929	–	16,929	–

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Company (Continued)

	Fair value at 31 December 2012	Fair value measurement as at 31 December 2012 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements				
Assets:				
Derivative financial instruments:				
— Redemption call option of US$300m Senior Notes	35,112	–	35,112	–
— Foreign exchange swap contract	17,267	–	17,267	–

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of redemption call options of US$200m Senior Notes and US$400m Senior Notes in Level 2 are determined by assessing the difference between the fair value of the senior notes by quoted price and the pure bond value.

The fair value of forward exchange swap contract in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant interest rate swap and cross currency basis swap yield curve as at the end of the reporting period plus an adequate credit spread.

(ii) Fair values of financial instruments carried at other than fair value

The fair values of these financial instruments are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012. Amounts due from/(to) subsidiaries, associates, joint ventures, a former joint venture and non-controlling interests are either recoverable/(repayable) on demand or with no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

34 COMMITMENTS

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

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Properties under development undertaken by the Group		
Authorised but not contracted for	**16,691,802**	16,155,114
Contracted but not provided for	**4,182,206**	2,993,503
	20,874,008	19,148,617
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	**2,991,868**	939,209
— Contracted but not provided for	**514,787**	344,308
	3,506,655	1,283,517

(b) Commitments for operating leases

At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**4,588**	2,135
After 1 year but within 5 years	**6,716**	662
	11,304	2,797

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

35 CONTINGENT LIABILITIES

(a) Guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's and joint venture's properties

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 31 December 2013 is as follows:

	2013 *RMB'000*	2012 *RMB'000*
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	5,442,865	5,369,372
— the joint ventures' properties (the Group's shared portion)	1,088,680	724,371
	6,531,545	6,093,743

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the periods under guarantees as the Group and the joint ventures have not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group/joint ventures to the banks. The Group and joint ventures have not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group and joint ventures in the event the buyers default payments to the banks.

(b) Guarantees given to financial institutions for bank loans and other loans granted to joint ventures

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB2,366,550,000 at 31 December 2013 (2012: RMB767,150,000). At the end of the reporting period date, the directors do not consider it probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

36 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, major related party transactions entered by the Group during the year ended 31 December 2013 are as follows:

	Note	2013 RMB'000	2012 RMB'000
Interest income from joint ventures	(a)	97,688	46,626
Interest income from non-controlling interests	(a)	7,206	3,562
Interest income from a related party	(a)	–	11,693
Project management fee income from joint ventures	(b)	66,345	54,102
Project management fee income from a related party	(b)	–	13,169
Interest expenses to joint ventures	(c)	(67,596)	(55,472)
Interest expenses to a non-controlling interest	(c)	(4,696)	(4,194)
Trust management fee expense to a related party	(d)	–	(21,246)

Notes:

(a) The amounts represent interest income in relation to advances to joint ventures, non-controlling interests and a related party.

(b) The amount represents project management fee received from joint ventures and a related party for the management of property development projects during the year.

(c) The amounts represented interest expenses in relation to loans from joint ventures and non-controlling interests.

(d) The amount represented trust management fee expense to the trust manager of joint ventures, Bridge Trust Company Limited, during the year.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

37 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

(a) Acquisition of subsidiaries

During the year, the Group has acquired equity interest in two entities which held property development projects. After the completion of the acquisition, these two entities become the Group's subsidiaries. Acquisition of these subsidiaries enables the Group to expand its land banks and strengthen the Group's property development business in Henan, the PRC. Acquisitions of subsidiaries during the year are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest acquired	Consideration
			RMB'000
3 April 2013	Henan Longyu Real Estate Development Company Limited ("Henan Longyu")	60%	275,948
7 August 2013	Henan Zhenghe Real Estate Development Company Limited	60%	34,800

The acquisitions of subsidiaries had the following combined effect on the Group's assets and liabilities upon the dates of acquisitions:

	Carrying amount	Adjustments	Recognised values on acquisitions
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	57	–	57
Properties for sale	432,064	298,922	730,986
Deposits and prepayment	2,076	–	2,076
Cash and cash equivalents	176	–	176
Trade and other payables	(215,382)	–	(215,382)
Non-controlling interests	(87,596)	(119,569)	(207,165)
Net identified assets and liabilities	131,395	179,353	310,748
Total consideration paid			310,748
Total cash and cash equivalents acquired			(176)
Net cash outflow			310,572

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

37 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (Continued)

(a) Acquisition of subsidiaries (Continued)

The above subsidiaries contributed an aggregate turnover of RMBNil and loss attributable to the equity shareholders of the Company of RMB1,303,000 to the Group for the year ended 31 December 2013. Should the acquisitions had occurred on 1 January 2013, the consolidated turnover and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2013 would have been RMB6,951,125,000 and RMB1,117,163,000 respectively.

(b) Equity restructuring

On 17 June 2013, the Group entered into an equity restructuring agreement with a non-controlling interest to acquire additional 20% and 40% equity interests in Kaifeng Central China Real Estate Company Limited ("CCRE Kaifeng") and Henan United Clubs Management Company Limited ("Henan United Clubs") respectively at a total consideration of RMB21,497,000 and, to dispose all the equity interests in Kaifeng Central China Dahong Real Estate Company Limited ("CCRE Dahong", the Group held 60% equity interest in CCRE Dahong before the disposal) and Central China Forest Peninsula (Kaifeng) Real Estate Company Limited ("Forest Peninsula", the Group held 60% equity interest in Forest Peninsula before the disposal) at a total consideration of RMB288,000,000. Upon the completion of the above transaction, CCRE Kaifeng and Henan United Clubs become indirect wholly-owned subsidiaries, and the Group does not hold any equity interest in CCRE Dahong and Forest Peninsula.

(i) Acquisition of additional interests in subsidiaries

The excess of the total consideration paid in respect of the acquisition of additional interests in subsidiaries of RMB21,497,000 over the carrying amount of the non-controlling interests of RMB9,151,000 amounted to RMB12,346,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

37 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (Continued)

(b) Equity restructuring (Continued)

(ii) Disposal of subsidiaries

The disposal of CCRE Dahong and Forest Peninsula had the following effect on the Group's financial position:

	RMB'000
Property, plant and equipment	(4,381)
Properties for sale	(569,547)
Trade and other receivables	(38,721)
Prepayments	(223,320)
Prepaid tax	(20,593)
Cash and cash equivalents	(347,012)
Bank loans	339,000
Other loan	170,000
Trade and other payables	162,078
Receipt in advance	319,484
Deferred tax liabilities	71
Non-controlling interests	69,483
Net gain on disposal of subsidiaries *(note 5)*	(144,542)
	(288,000)
Consideration received	288,000
Cash and cash equivalents disposed	(347,012)
Net cash outflow	(59,012)

(c) Disposal of a subsidiary

On 21 January 2013, the Group disposed all the equity interest in Xuchang Fengtai Real Estate Company Limited ("Xuchang Fengtai", the Group held 60% equity interest in Xuchang Fengtai before the disposal) at a consideration of RMB37,760,000. Upon the completion of the above transaction, the Group does not hold any equity interest in Xuchang Fengtai.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

37 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (Continued)

(c) Disposal of a subsidiary (Continued)

The disposal of Xuchang Fengtai had the following effect on the Group's financial position.

	RMB'000
Property, plant and equipment	(217)
Prepayments	(101,801)
Prepaid tax	(265)
Cash and cash equivalents	(529)
Trade and other payables	53,798
Non-controlling interests	19,606
Gain on disposal of a subsidiary *(note 5)*	(8,352)
	(37,760)
Consideration received	37,760
Cash and cash equivalents disposed	(529)
Net cash inflow	37,231

(d) Disposal of partial interest in a subsidiary

On 10 December 2013, the Group disposed 9.4% equity interest in Zhengzhou Yipin Tianxia Zhiye Company Limited ("Zhengzhou Yipin") at a consideration of RMB30,000,000. Upon the completion of the above transaction, the Group's equity interest in Zhengzhou Yipin decreased from 100% to 90.6%. The increase in carrying amount of non-controlling interest at the date of disposal is RMB8,899,000, and the excess of consideration of RMB30,000,000 over the carrying amount of non-controlling interest amounted to RMB21,101,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

38 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

38 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(a) Impairment for buildings and construction in progress

As explained in note 2(k), the Group makes impairment for the buildings and construction in progress taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates.

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

(b) Provision for properties for sale

As explained in note 2(l), the Group's properties for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

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

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(c) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group assesses the estimates on the aging of the trade and other receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of the customers were to deteriorate, actual provisions would be higher than that estimated.

(d) Recognition of deferred tax assets

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

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

38 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(e) CIT and LAT

As disclosed in note 7, the Group is subject to CIT and LAT under both authorised taxation method or actual taxation method in different jurisdictions. Significant judgement is required in determining the level of provision, as the calculations of which depend on the assessment and assumption of ultimate tax liability and are subject to uncertainty. The adoption of different methods may also affect the level of provision. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such assessment is made.

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

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

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

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

(g) Valuation of investment properties

All investment properties of the Group are revalued as at the end of the reporting period by independent professionally qualified valuers, on an open market value basis calculated by reference to the net rental income with allowance for reversionary income potential.

The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market sale prices for similar properties in the same location and condition and an appropriate capitalisation rate. Any change in assumptions of the valuation would affect the value of the investment properties significantly, and profit or loss in future years.

(h) Estimation of fair value of derivative financial instruments

Redemption call options embedded in senior notes of the Group are classified as derivative financial instruments and stated at fair value at the end of each reporting period. The fair value of these options is measured based on the assumptions set out in note 29. Any change in assumptions of the valuation would affect the value of these options significantly, and profit or loss in future years.

Notes to the Financial Statements *(Continued)*

(Expressed in Renminbi)

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 32(c)(i).

(b) On 13 January 2014, the Group entered into a guarantee agreement with a bank, pursuant to which the Group agreed to provide guarantee for bank loan granted to a joint venture of RMB1,000,000,000.

On 14 February 2014, the Group entered into a guarantee agreement with a financial institution, pursuant to which the Group agreed to provide guarantee for other loan granted to a joint venture of RMB500,000,000.

On 27 February 2014, the Group entered into a guarantee agreement and equity pledge agreement with Bridge Trust Company Limited (the trust manager of joint ventures), pursuant to which the Group agreed to provide guarantee for other loan granted to a joint venture of RMB400,000,000, and the Group also agreed to pledge all its equity interest in that joint venture (i.e. 49% equity interest) against that other loan.

For details of the above non-adjusting events, please refer to the announcement of the Company dated 13 January 2014, 14 February 2014 and 27 February 2014 respectively.

(c) On 20 January 2014, the Group entered into an acquisition agreement with a non-controlling interest, pursuant to which the Group agreed to acquire the remaining 40% equity interest in Henan Longyu (see note 37(a)) at the consideration of RMB250,000,000. Upon the completion of the acquisition, Henan Longyou becomes an indirect wholly-owned subsidiary. Please refer to the announcement of the Company dated 20 January 2014 for details.

40 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
Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*	1 January 2014
HKFRS 9, *Financial instruments*	Note

Note: The original effective date of 1 January 2015 is removed and the new mandatory effective date is to be determined.

The Group is in the process of making an assessment of what the impact of these amendments 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.

Summary of Financial Information

A summary of the consolidated results and of the consolidated assets, liabilities and non-controlling interests of the Group for the last five financial years prepared on the basis as hereunder stated is as set out below:

CONSOLIDATED RESULTS

	2013 *RMB'000*	2012 *RMB'000*	2011 *RMB'000*	2010 *RMB'000*	2009 *RMB'000*
Turnover	**6,951,125**	6,345,527	6,638,354	4,516,351	2,739,831
Profit before taxation	**1,939,393**	1,846,062	1,817,750	1,095,486	651,352
Income tax	**(854,542)**	(976,268)	(1,074,820)	(515,427)	(223,221)
Profit for the year	**1,084,851**	869,794	742,930	580,059	428,131
Attributable to:					
Equity shareholders of the Company	**1,025,930**	823,086	667,995	544,887	405,326
Non-controlling interests	**58,921**	46,708	74,935	35,172	22,805
	1,084,851	869,794	742,930	580,059	428,131
Earnings per share (RMB cents)					
— Basic	**42.16**	33.90	29.77	26.57	20.27
— Diluted	**42.06**	30.71	29.77	25.59	20.15

Summary of Financial Information *(Continued)*

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	2013 *RMB'000*	2012 *RMB'000*	2011 *RMB'000*	2010 *RMB'000*	2009 *RMB'000*
Assets					
Non-current assets	**7,827,718**	7,171,263	4,586,261	3,663,225	563,128
Current assets	**23,689,635**	17,177,001	14,892,039	11,769,942	9,583,525
Total assets	**31,517,353**	24,348,264	19,478,300	15,433,167	10,146,653
Liabilities					
Current liabilities	**18,823,456**	13,514,048	13,761,355	10,114,929	5,177,127
Non-current liabilities	**5,994,050**	5,211,006	675,193	1,546,554	1,649,833
Total liabilities	**24,817,506**	18,725,054	14,436,548	11,661,483	6,826,960
Net assets	**6,699,847**	5,623,210	5,041,752	3,771,684	3,319,693
Equity					
Total equity attributable to equity shareholders of the Company	**6,022,696**	5,169,661	4,642,488	3,495,818	3,124,357
Non-controlling interests	**677,151**	453,549	399,264	275,866	195,336
Total equity	**6,699,847**	5,623,210	5,041,752	3,771,684	3,319,693