中粮
COFCO
自然之源 重塑你我

Annual Report **2013**

COFCO LAND
HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 207

Towards a Prosperous Future

Your Quality Living

AS A *Pearl*

Integrity

Teamwork

Professional

Innovation

Our missions

Contribute quality green living space and services, lead the trend of a fashionable lifestyle, in order to become a leader among real estate brands with the most sustainable development capabilities.

Our visions

Maximize the benefits of customers, shareholders and staff members whole-heartedly.

Contents

Company Profile

COFCO Land Holdings Limited is a large-scaled commercial property developer and operator, focusing on development, operation, sales, leasing and management of mixed-use complexes and commercial properties. It is also the only commercial property service platform of the Fortune Top-500 COFCO Corporation. COFCO Corporation is one of the 53 core state-owned enterprises under administration of the Central Government of China, and for 20 consecutive years it has been selected as one of the Fortune Top-500, ranked 357th in 2013. Through its subsidiaries, COFCO Corporation operates a number of businesses. There are several industrial leading enterprises, 8 of which are China or Hong Kong listed companies. While COFCO Corporation is one of the 21 state-owned enterprises with the approval of SASAC to engage primarily in the development, investment and management of real estate projects, real estate business is one of its 3 major business areas.

On 19 December 2013, COFCO Corporation acquired a batch of quality commercial properties, injected into the Company's portfolio and completed the listing on the Main Board of Hong Kong Stock Exchange for its Commercial Property Business. Since then, the Company has become a cross-border listing platform of COFCO Corporation. It is unique today as being a Hong Kong listed company and at the same time a developer and operator of high quality mixed-use complexes and commercial properties in China.

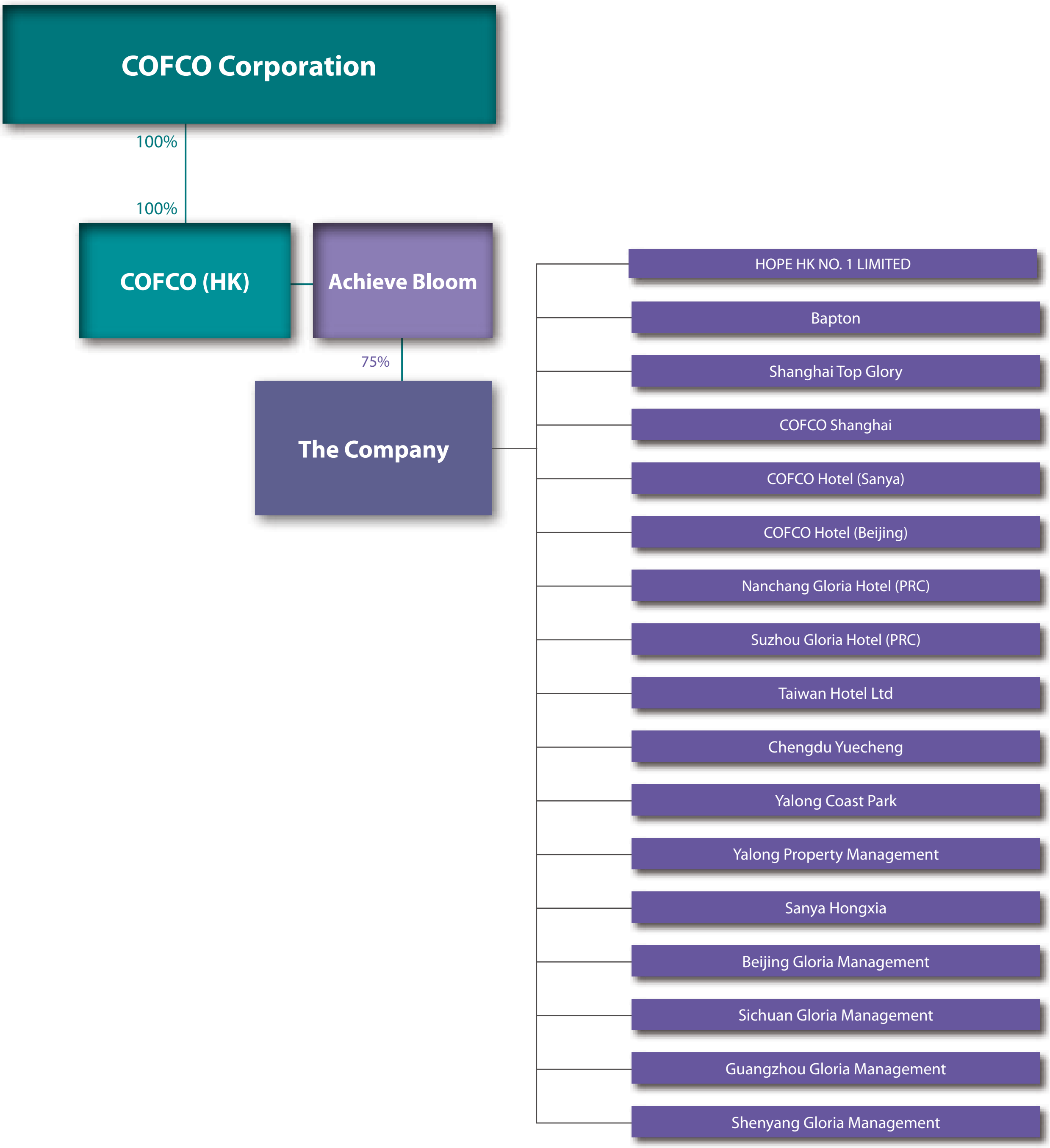
The Group is determined to adhere to the business development direction of developing, investing and managing commercial complexes and other quality properties under its flagship brand "Joy City", and at the same time, to follow the two-wheel-drive strategy of "holding plus selling" to build a high quality business portfolio in four areas, including holding investment properties, engaging in real estate development, hotel operations, property management and other related services.

Currently, the Group holds a portfolio of 12 property projects in Beijing, Shanghai, Sanya, Chengdu, Nanchang, Suzhou and Hong Kong. Those property projects are located in premium core areas of the first– or second-tier cities in China, with good investment and appreciation potentials. The portfolio is diversified with quality assets and in different business areas, including landmark properties such as Beijing COFCO Plaza and Chengdu Joy City, properties located in premium zones of core cities such as Ocean One in Shanghai, The Signature and Princess Palace in Sanya, as well as a number of international high-end luxury hotels.

Furthermore, with full support of COFCO Corporation, its mother company, the Group has been granted a call option to acquire 6 retained Joy City projects. Those retained Joy City projects are located in the first-tier cities such as Beijing and Shanghai, as well as core areas of second-tier cities such as Tianjin, Yantai and Shenyang, with great potential for appreciation.

Looking forward, the Group will continue to adhere to its sound business model. With constant support from its mother company, and relentless efforts made by the experienced management team, the Group will fully capture the emerging opportunities for speedy development in the developing cities of China, by building product image, continuously enhancing brand value, and improving the asset structure to uplift asset quality. In addition, the Group will persevere with the "young, fashionable, trendy, quality" brand spirit of Joy City, lead the trend of new urban lifestyle in Chinese cities, with a view to help the development of cities in China, and become a leader in the industry of mixed-use complexes and commercial properties.

Corporate Structure



Major Events and Awards in 2013

MAJOR EVENTS OF THE COMPANY

MGM Grand Sanya Successfully Hosted Foreign Political Leaders During the Boao Forum for Asia

The Boao Forum for Asia Annual Conference 2013 was held from 6 to 8 April, and MGM Grand Sanya was the major accommodation hotel of the forum. The foreign politicians received by MGM Grand Sanya during the forum include Mr. and Mrs. Sauli Niinisto, President of the Republic of Finland; Mr. and Mrs. Michael Chilufya Sata, President of the Republic of Zambia; Mr. and Mrs. Abdelkader Bensalah, President of the Council of the Nation of the People's Democratic Republic of Algeria; Mr. and Mrs. U Thein Sein, President of the Republic of the Union of Myanmar; Mr. and Mrs. Ollanta Moises Humala Tasso, President of Republic of Peru; and Mr. and Mrs. Zandaakhuu Enkhbold, Chairman of the State Great Khural of Mongolia. ❶

Trial Operation of Waldorf Astoria Beijing

On 30 November, Waldorf Astoria Beijing held its opening ceremony which was attended by over 150 persons. Among them were the Group's leaders including Chairman Ning Gaoning and President Yu Xubo. Other participants included senior diplomats and representatives of commercial associations from nine countries, including the USA, Singapore and the Netherlands, as well as other managements of the Group including Liu Ding, Wu Xiaohui, Wan Zaotian, Ma Jianping, Chi Jingtao, Ma Wangjun, Zhou Zheng, Zheng Hongbo, Zhang Dongfeng, Wang Jinchang, and representatives from Hilton Hotels Corporation and media. ❷

Listing of the Company in Hong Kong

On 19 December, COFCO Group acquired a batch of quality commercial properties through a reverse takeover, injected into the Company's portfolio and successfully pushed forward the listing of COFCO's commercial property business and land on the Hong Kong capital market. On 20 December, a listing ceremony was held at the Hong Kong Stock Exchange, celebrating the successful debut in the Hong Kong capital market. Chairman of COFCO Corporation Ning Gaoning, Chairman of the Company Zhou Zheng and General Manager of the Company Han Shi, the Company's Non-executive Directors including Shi Zhuowei, Ma Jianping, Ma Wangjun, Jiang Hua, Independent Directors including Lau Hon Chuen, Ambrose, *GBS, JP*; Lam Kin Ming, Lawrence; Wu Kwok Cheung, *MH*; and heads of relevant functional departments of the Group attended the ceremony. ❸

Princess Palace III was Sold Out

On 30 December, Princess Palace III was sold out with total sales of 503 units and total sales amount over RMB2,700 million.

The Name of the Company was Changed to COFCO Land Holdings Limited

On 19 December, the Registrar of Companies in Bermuda approved the change of the name; on 17 January 2014, the name change became effective in the Hong Kong Stock Exchange

MAJOR EVENTS OF JOY CITY PROJECTS (ENTRUSTED PROPERTIES)

Yantai Joy City Co-Investment Agreement Signed with GIC

On 5 February, the Company signed an equity cooperation agreement in relation to Yantai Joy City with GIC (Government of Singapore Investment Corporation) in Beijing. General Accountant of COFCO Corporation Ma Wangjun, Vice President of COFCO Corporation and Chairman of the Company Zhou Zheng, General Manager of the Company Han Shi, General Manager and Head of Asia Region of GIC Lee Kok Sun attended the signing ceremony. ❹

Objectives and Responsibilities for Yantai Joy City Project Finalized and Project Commenced

On 16 April, Vice-president of COFCO Group and Chairman of the Company Zhou Zheng presented motivational plaques and objective responsibility certificates to each of the Yantai Joy City project team and cooperating parties.

Single-day Sales of "98 Joy Mega Sales Festival" at Tianjin Joy City Hit a Record High

On 8 September, "98 Joy Mega Sales Festival" was held at Tinajin Joy City, with single-day sales amounted to $76.081 million, hitting a record high of Joy City. ❺

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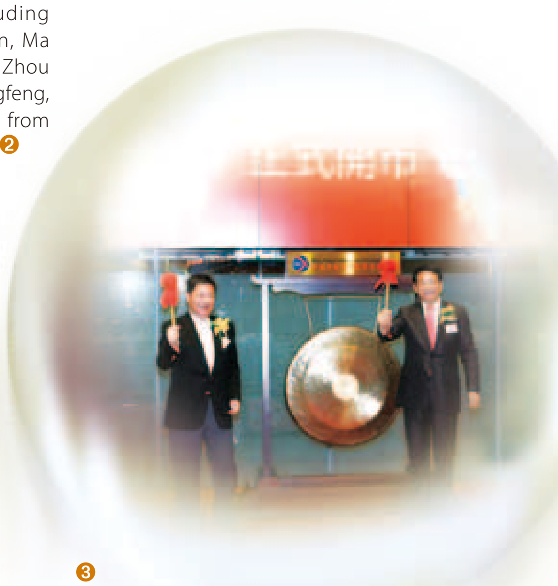

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Chaoyang Joy City Celebrated Its Upgrade Anniversary, with sales of the day amounted to $17.1536 million

On 19 September, Chaoyang Joy City launched its upgrade anniversary – the Great "Deal" sales event. Through the anniversary sales event, impressive record was achieved during non-peak season. Total sales, membership sales and sales per unit area amounted to $17.1536 million, $6.24 million and $156.5 respectively, all reaching their new record high. ❻

Topping Out of Yantai Joy City

On 27 September, the topping out ceremony and a rally was held on-site. The deputy head of Zhifu District in Yantai Wu Chenguang, General Manager of the Company Han Shi and heads of construction units attended the event and witnessed the topping ceremony of the first shopping centre under the Company's plan for prospective second-tier cities. ❼

AWARDS RECEIVED

Awards to the Company

In February 2013, Shanghai COFCO Tower was rated as "civilized unit" by Shanghai Municipal Social Security Comprehensive Management Committee;

In March 2013, Fraser Suites Top Glory Shanghai was awarded the title of "China's Best Serviced Apartment" by China Hotel Association;

In March 2013, Fraser Suites Top Glory Shanghai was awarded "Top 10 Hotels for Families in China" of "2013 Travelers' Choice;

In April 2013, Fraser Suites Top Glory Shanghai was awarded "The Best Serviced Apartment" by Shanghai Business Review magazine;

In April 2013, Fraser Suites Top Glory Shanghai was awarded "The Best Serviced Apartment" by Time Out magazine;

In July 2013, Fraser Suites Top Glory Shanghai was honored with the 10th "Golden Pillow" award of China Hotels as "China's Best High-end Serviced Apartment";

In July 2013, Fraser Suites Top Glory Shanghai was awarded "The Best River View 2013" by City Weekend magazine;

In July 2013, MGM Grand Sanya was awarded "10 Best Travelling and Resort Hotel in Asia";

In July 2013, St. Regis Yalong Bay Resort was awarded "China Hotel Golden Pillow";

In 2013, Hotel Business was awarded the titles "Investor with the most Development Potentials in China's Hotel Business" and "the Best Employer in China Hotel's Business". ❽

Awards to Joy City Projects (Entrusted Properties)

In February 2013, Chaoyang Joy City received the Excellence Award of 2012 Best Improved China Shopping Centre;

In February 2013, Chaoyang Joy City received the "Pilot in Mobile Internet Micro-living Promotion";

In October 2013, Xidan Joy City was awarded the honorary title of "Leading Government Enterprises".

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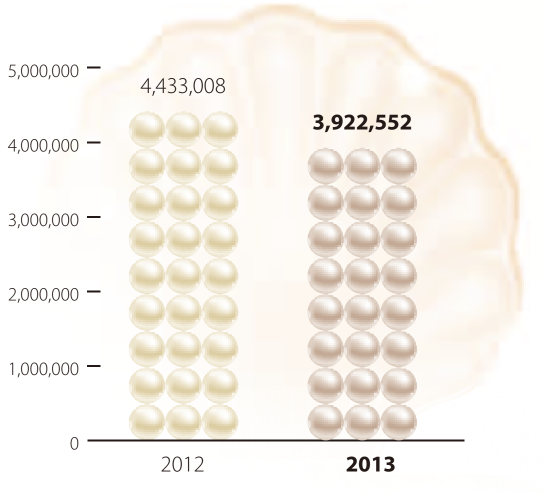
Financial Highlights

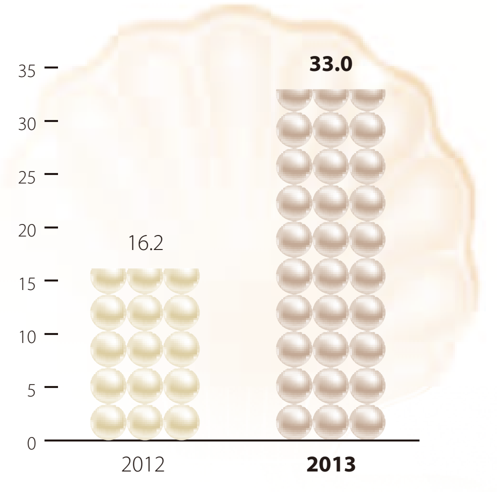
	Year ended 31 December		
Item	2013 RMB'000	2012 (restated) RMB'000	Change (%)
Revenue	**3,922,552**	4,433,008	-11.5
Includes:			
Sales of properties held for sale	**2,401,241**	3,166,021	-24.2
Gross rental income from investment properties	**389,467**	357,895	8.8
Service income for primary land development	**116,712**	62,704	86.1
Property management and related services	**115,834**	124,878	-7.2
Hotel operations	**811,895**	635,392	27.8
Other property related services income	**87,403**	86,118	1.5
Gross profit	**2,338,100**	2,561,418	-8.7
Profit attributable to owners of the Company	**2,007,981**	918,840	118.5
Total assets	**29,204,399**	24,701,508	18.2
Equity attributable to owners of the Company	**13,244,741**	5,612,973	136.0
Basic earnings per share (RMB)	**RMB0.33**	RMB0.162	103.7
Net (cash)/debt to total equity (%)	**-20.6**	6.9	

Note: Net (cash)/debt to total equity = (Interest bearing bank loans and other borrowings – cash and cash equivalents)/total equity

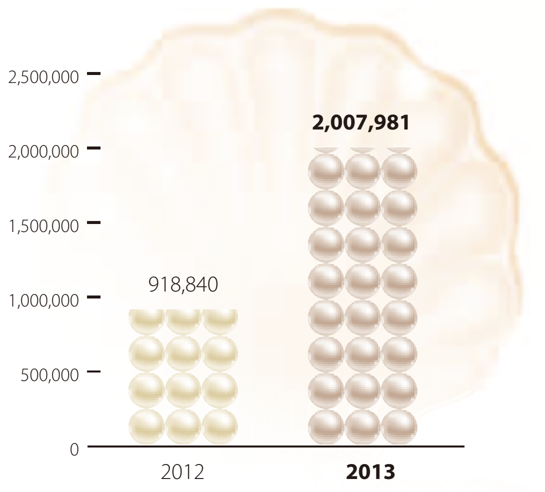
REVENUE (RMB'000)



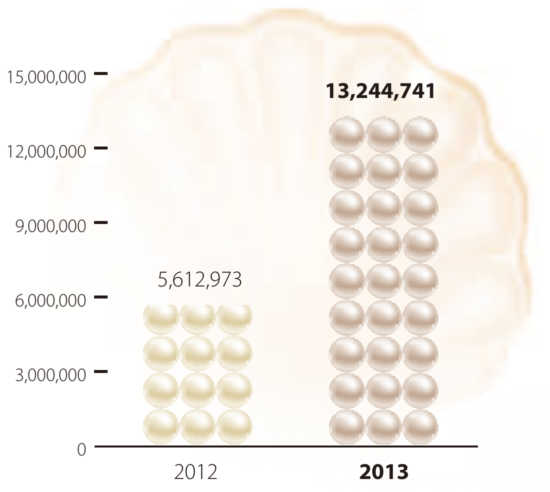
BASIC EARNING PER SHARE (RMB Cents)



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



Become a leader

among real estate brands with sustainable development capabilities

Chairman's Statement

The Group is determined to adhere to the urban complex strategy under its brand "Joy City", and at the same time, follow the major trend of industry development, stick to the two-wheel-drive strategy of "holding plus selling", lead a trend of fashionable lifestyle by providing high quality, green living spaces and services, and become a leader among real estate brands with sustainable development capabilities!

Zhou Zheng
Chairman

Dear shareholders,

On 19 December 2013, COFCO Corporation injected its quality commercial properties, into the portfolio of COFCO Land Holdings Limited (the "Company") and successfully achieved the listing of the commercial property business in the Hong Kong capital market. I, on behalf of the board of directors of the Company, hereby present you with the annual results of the Company and its subsidiaries for the twelve months ended 31 December 2013 (the "Review Period" or "Year"), and would like to express my appreciation for your great support over the year.

During the Review Period, profits attributable to owners of the Company amounted to RMB2,008 million and earnings per share amounted to RMB0.33.

2013 was still "a year of regulation and control" in the real estate industry for China's central government. Rigid control policies like restrictions on purchase and restrictions on amounts borrowed were still strictly enforced in the real estate market, and in particular, the residential market. On the one hand, with the execution of stringent policies, only products catering for rigid demand with high turnover rate and high-end products located in special areas with good scenic views were somewhat free from the pressure. On the other hand, with reinforced control measures, a number of investors shifted to the commercial property market and targeted at commercial complexes and properties. Along with the overall adjustment to the investment structure of the real estate market this time, a significant growth in the development of commercial complexes and commercial properties was seen in the first-tier and certain second-tier cities in China in 2013, as demonstrated by the low vacancy rates and a continuous upsurge in retail rents. In general, commercial property projects in China, especially high-quality shopping centers, office buildings and hotels located in prime locations of core cities, will still have huge room to grow in the future.

The Group is determined to adhere to the business development direction of developing, investing and managing commercial complexes and properties under its flagship brand "Joy City", and at the same time, follow the major trend of industry development, stick to the two-wheel-drive strategy of "holding plus selling", and continuously explore and identify the best investment mix. During the Review Period, all of the Company's four primary business segments achieved satisfactory operating results owing to collaborative development of resources.

Investment Properties – The completed projects of investment properties are located in the fist-tier and second-tier cities in China, with sound brand name and strong market demand. During the Year, with the philosophy of refined management, we successfully completed the targets set at the beginning of the year with a moderate increase in rentals for various projects, thanks to the advantage of the Group as a whole and the emphasis on collaborative development. Beijing COFCO Plaza, located along the Chang'an Avenue in Beijing, has successfully attracted a number of local and foreign financial institutions and renowned enterprises to settle in. The average occupancy rate was maintained at a high level at all times with rental rates among the highest in the Chang'an Avenue area, the rental rates of which were already at a high level in the market. The average occupancy rate of Fraser Suites Top Glory Shanghai, which have good recognition in the market, remained at over 90% throughout the year. This project was honored with the "Golden Pillow Award" of China Hotels as "China's Best High-end Serviced Apartment" in 2013. The development of Chengdu Joy City, a large complex containing shopping centers, office buildings, bars, restaurants and other leisure facilities. It is positioned to become a landmark complex in southwest region China in the future.

Property Development – In a market environment of relatively less structural opportunities for property development, the Group emphasized the importance of precise positioning and in-depth exploration of the competitiveness of its products, and successfully achieved a moderate increase in sales. Among which, The Signature and Princess Palace III in Sanya of Hainan, both enjoy the entire natural landscape of the "Shining Pearl" Yalong Bay at the south tip of China, are extremely rare residential projects that are difficult to replicate. During the Year, these two projects further strengthened their product images while leveraging on their advantage in resources, and recorded hot sales of over 1,100 million. The Ocean One project by the side of Huangpu River is regarded as a benchmark for deluxe residential markets in the region as well as nationwide. In a valuable prime location embracing the splendid view of the river, and with quality well received by the market, this project is well-poised to maintain its leading place in the regional sales market.

Hotel Operation – As for hotel operation, the Company continued to maintain and develop its expertise in hotel operation, and to enrich sales and marketing tools and increase promotion efforts so as to overcome the impacts in the areas of economic environment and government policies. Despite the overall unfavorable environment in the hotel industry, all our hotel operations recorded steady growth in performance. Among which, the St. Regis Sanya Yalong Bay Resort and MGM Grand Sanya located at Yalong Bay in Sanya both maintained strong growth and kept their leading positions with higher growth rates in the major operating indicators as compared to those of the competitors in the region. Waldorf Astoria Beijing, located in a prime area at Wangfujing in Beijing commenced its trial operation on 30 November 2013. As a premium brand under Hilton Worldwide Holdings Inc. with a history of over 100 years, Waldorf Astoria is well-known for its exquisite elegance and luxurious style which is unique and hard to replicate. Currently, there are less than 30 Waldorf Astoria hotels established worldwide, and Waldorf Astoria Beijing is the second member of Waldorf Astoria in Asia. Its commencement of operation not only represents a new addition to the commercial and cultural landmarks in the capital, but also provides a link for the commercial, political and cultural communication between the east and the west with its service of commercial and political orientations.

Property Management and Related Services – Regarding property management and related services, the Group insisted to be customer-oriented and focused on improving the standard of property management. Among which, Beijing Gloria Management provided project consultations and quality property management services to numerous high-end property projects developed by the Group and other property developers during the Year. It was named as one of "2013 Enterprise of Leading Brand in China Property Service" and "2013 Property Service Top 100 Enterprise" by China Real Estate Top 10 Research Institute.

Land Bank – As for land bank, the Group still carries the reserves of 10 parcels of land located in the valuable seaside areas of Yalong Bay National Tourism and Resort District in Sanya, Hainan, and a parcel of land located in the core district of Wuhou District in Chengdu for future development, with the land use right of a total area of over 630,000 sqm. In the future, the Group will continue to deploy its resources under its two-wheel-drive strategy of "holding plus selling". With Joy City's brand of urban complex as the major direction of resource allocation, the Group will seek opportunities to attain land plots for high-quality complexes or land plots of mixed natures that include certain proportion for commercial use, with a view to further enrich the quality land bank.

Financial Capital – The Group has consistently maintained a prudent financial policy. As at 31 December 2013, total cash and total interest-bearing liabilities were RMB7.9 billion and 4.2 billion respectively. The net interest-bearing debt rate was in net cash position. EBITDA to interest coverage ration remained at above 7 times.

In 2013, the COFCO Corporation injected a batch of quality commercial properties into the Group's portfolio and successfully achieved the listing of the commercial property business in Hong Kong. This major event symbolises that the Group is ready to take further challenges after years of refinement in the market. The Group firmly believes that this is time of challenges as well as opportunities!

Looking ahead, 2014 is the first year of deepening reforms after the Third Plenary Session of the 18th Central Committee, the decisive role of market in the course of resource allocation will gradually become apparent. The progressive "de-administration" in the future real estate industry will be the trend. In the long run, long-term mechanisms in land reforms, property tax and fiscal tax reforms will be established. The macro-economic environment of new urbanization, reforms in household registration system and adjustments to population and family planning policies will have positive impact on the domestic real estate industry over the medium– to long-term. In the overall context of deepening reforms, Chinese real estate enterprises will be seeing opportunities and challenges with further marketization in the industry, the relationship between supply and demand will gradually become healthier and the market will gradually become more rational. The Group is confident in the long term development of the industry. The Group will continue to adhere to the two-wheel-drive strategy, introduce quality mainstream products to the mainstream customer segment. In the meantime, the Group will also focus on the objectives of "organizational optimization, refined management, efficiency improvement and value creation". To continuously enhance corporate value, and market position in 2014, the Group will firmly build up a capital market mindset of market, value, competition, and unconventional practices, and also continue to pursue its strategies as well as combine holding and selling of properties, conventional development with low-cost expansion, product standardization with technical innovation as well as existing city development with new town development.

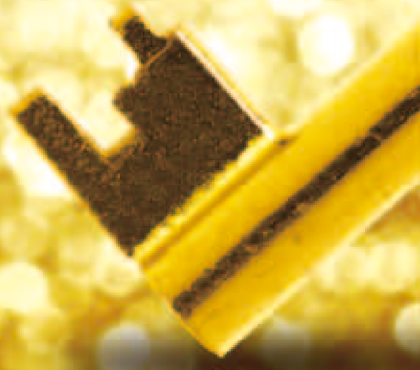
In 2014, the Group will continue to adhere to our missions in providing high quality, green living spaces and services, leading a trend of fashionable lifestyle, and whole-heartedly maximizing the benefits of shareholders, customers and employees. The Group will also continue to harbor the vision of becoming a leader among real estate brands with sustainable development capabilities. Let us join hands to create this China dream in 2014!

Zhou Zheng
Chairman

Hong Kong
25 March 2014

Towards a Prosperous Future

Your Quality Living AS A Pearl



Management Discussion and Analysis

Shanghai Joy City (Entrusted Properties)

1. BUSINESS REVIEW

Self-owned properties

In 2013, the People's Republic of China did not loosen the control policy on its real estate industry. The "new five policies and measures", which were promulgated at the beginning of the year, continue to firmly uphold the regulations and to strictly control the fundamentals consistently. Meanwhile, the government is actively seeking to implement property taxes, land institution reforms and to establish a long-term regulatory mechanism. There will be a short-term uncertainty in the real estate industry. In an unfavorable external environment, the Company continues to strengthen products, conduct an overall upgrade, create value and develop sustainably. The management team was united, pooling the wisdom and effort of all, keeping a close eye on the target and seizing business opportunities. Their efforts to develop new income sources and reduce expenditure paid off and the operation grew rapidly. Looking back to 2013, the Company's operation in the four segments – investment property, property development, hotel operations, and property management and related services – all achieved satisfactory results. In property investment, the Company's two office buildings in Beijing and Shanghai respectively maintained a high average occupancy rate, with the rentals steadily rising. Fraser Suites Top Glory Shanghai had steady business operation and continued to maintain its reputation in the luxury apartment market in Shanghai, fully accomplishing the projected goals for the year. The pre-construction preparation work for Chengdu Joy City to be constructed progressed well and the construction is expected to commence in the 2nd quarter of 2014. There was an outstanding performance in the property development business. The project value of The Signature continued to increase. With a high-standard property services system established, it consolidated its position as a regional benchmark. Although the sales of Princess Palace III was at the final stage, with circle marketing, the annual sales still came near RMB600 million. Ocean One successfully transformed its value point from resource base into quality base, with its annual sales reaching more than RMB1 billion. In terms of hotel operation, the Company actively responded to the adverse effects of a slowdown in the tourism market and the needs for business meetings by operating with flexibility, strengthening targeted promotion and expanding sales channels. The hotel operation results growed steadily. In Yalong Bay, Sanya, St. Regis Sanya Yalong Bay Resort and MGM Grand Sanya maintained a strong growth in business with increase in major business indicators being higher than those of other hotels in the area. In Wangfujing, Beijing, Waldorf Astoria commenced a soft opening on 30 November 2013. "Waldorf Astoria" is a top brand under the Hilton Hotel Management Group. The hotel has 171 deluxe guest rooms with own features and 2 elegant courtyard houses (consisting of 1 Hutong guest room and 4 suites of Hutong style). In property management and related services, the Company insisted on being customer-oriented and focused on improving the quality of property management. One of the Company's major operating subsidiaries providing property management services, Beijing Gloria Management was named as one of "2013 China's leading property service brand enterprises" in 2013.

Entrusted Properties

In 2013, the Entrusted Properties, the five Joy Cities, namely Xidan Joy City, Chaoyang Joy City, Tianjin Joy City, Shanghai Joy City and Yantai Joy City (under construction), the management of which has been entrusted to the Group (by COFCO Group) pursuant to the Retained Joy City Projects Entrustment Contracts showed brilliant operating results. The Joy Cities' brand positioning of "youth, fashion, trends and tastes" have been widely accepted by the consumers. The "Joy City" brand has also become one of the most valuable brands in the commercial real estate market. Though the income and performance of the Entrusted Properties did not form parts of the financial results of the Group, the outstanding performance reflected the excellent management and operation capability of the Group. Beijing Xidan Joy City Shopping Center had an average occupancy rate of 98% and served the consumers of around 29.323 million throughout 2013. Its operating performance exceeded those of other commercial projects in the same business circle and it has become a leader in the industry as well as an internal and external benchmark for other shopping centers. The average occupancy rate and average rentals of Chaoyang Joy City Shopping Center showed a strong growth momentum as compared with 2012. Both the Children's Day and the great "Deal" sales event on 19 September of 2013 set the sales record of over RMB10 million, reflecting the high degree of recognition of Chaoyang Joy City in the market. Tianjin Joy City served around 14.275 million of consumers throughout the year. The "9-8 Joy Mega Sales Festival" which took place at Tianjin Joy City attracted around 163,000 daily visits with daily sales reaching RMB76.1 million, setting a remarkable sales record in a single day. Shanghai Joy City achieved all of the goals set at the beginning of the year. In phase 1 of the south tower of Shanghai Joy City, the characterized themed events created to fully drive the customer throughput have steadily improved business performance. The construction of its north tower proceeded as planned, with the demolition and relocation of phase 2 proceeding smoothly. The main structure of Yantai Joy City was successfully completed on 27 September 2013. Solicitation of potential tenants is also progressing as planned. Certain brands have preliminarily confirmed to open their shops, and are expected to commence their business in July 2014.

Tianjin Joy City (Entrusted Properties)

Summary on each project and segment

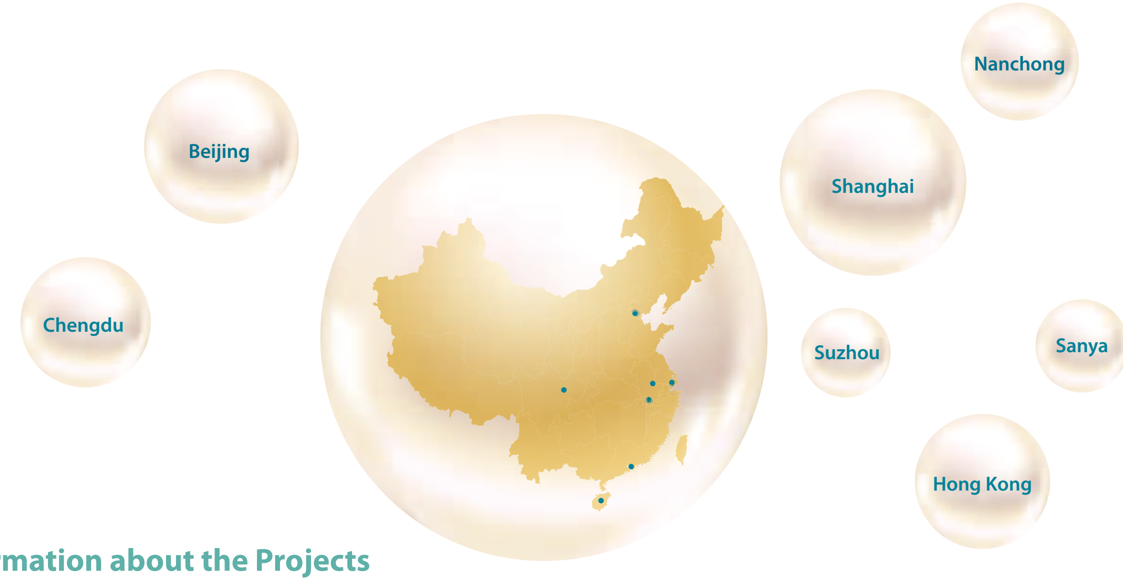
Category		Projects
Investment properties	Properties under construction or completed	Beijing COFCO Plaza, Shanghai COFCO Tower, Chengdu Joy City (under construction), Hong Kong Top Glory Tower, 11th Floor of Hong Kong World-Wide House, Fraser Suites Top Glory Shanghai, Yuechuan Plaza
	Entrusted Properties	Xidan Joy City, Chaoyang Joy City, Shanghai Joy City, Tianjin Joy City, Yantai Joy City
	Self-used properties	Ninghai Garden basement, Princess Palace I Clubhouse, Yalong Bay land for public facilities, Yalong Bay Administration Center
Property Development	Ocean One, Chengdu Shine City Phases 2 and 3 (under construction) and primary land development, The Signature (unsold portion), Princess Palace II (unsold portion), Princess Palace III, Sanya Yalong Bay primary land development	
Hotel Operations	St. Regis Sanya Yalong Bay Resort, MGM Grand Sanya, Cactus Resort Sanya by Gloria, Waldorf Astoria Beijing, W Beijing – Chang'an (under construction), Gloria Plaza Hotel Suzhou, Gloria Grand Hotel Nanchang	
Property Management and related services	Beijing Gloria Management, Sichuan Gloria Management, Guangzhou Gloria Management, Shenyang Gloria Management	

Overall situation of each sector

Investment Properties	Property Development	Hotel Operations	Property Management and Related Services
Beijing COFCO Plaza 118,632sq meters	The Signature 27,146sq meters	St. Regis Sanya Yalong Bay Resort 90,869sq meters, 373 guestrooms, 28 villa rooms	Beijing Gloria Properties Management
Shanghai COFCO Tower 20,606sq meters	Princess Palace III 79,468sq meters	MGM Grand Sanya 108,332sq meters, 669 guestrooms, 6 villa rooms	Sichuan Gloria Properties Management
Chengdu Joy City (under construction) 314,560sq meters	Ocean One 49,854sq meters	Cactus Resort Sanya by Gloria 38,500sq meters, 563 guestrooms	Guangzhou Gloria Properties Management

Investment Properties	Property Development	Hotel Operations	Property Management and Related Services
Fraser Suites Top Glory Shanghai 49,212sq meters, 185 units	Chengdu Shine City 326,530sq meters	Waldorf Astoria Beijing 44,180sq meters, 171 guestrooms and 2 courtyard houses (including 1 Hutong guest room and 4 suites of Hutong style)	Shenyang Gloria Properties Management
Hong Kong Top Glory Tower 20,003sq meters		W Beijing – Chang'an 62,805sq meters, 353 guestrooms	
Yuechuan Plaza 2,445sq meters		Gloria Plaza Hotel Suzhou 26,255sq meters, 288 guestrooms	
Xidan Joy City (Entrusted Properties) 185,654sq meters		Gloria Grand Hotel Nanchang 37,329sq meters, 327 guestrooms	
Chaoyang Joy City (Entrusted Properties) 405,570sq meters			
Tianjin Joy City (Entrusted Properties) 531,369sq meters			
Shanghai Joy City (Entrusted Properties) 437,609sq meters			
Yantai Joy City (Entrusted Properties) 219,964sq meters			

Note: All the projects' area is GFA.



Information about the Projects

Investment Properties

Name of Project	Address	Total Site Area	Gross Floor Area (Sq meter)	Uses/ intended uses	Equity Attributable to the Group	Actual/ Expected Completion Date	Operation Type	Rentable Area (Sq meter)
Beijing COFCO Plaza	8 Jianguomen Inner St, Chaoyang District, Beijing, China	22,555	118,632	Office & retail	60%	1996	Held	106,426
Shanghai COFCO Tower	440 Zhongshan S 2nd Rd, Xuhui District, Shanghai, China	3,285	20,606	Office	50%	2001	Held	17,848
Chengdu Joy City	Joy Rd, Gaobei Village, Cuqiao, Wuhou District, Chengdu, Sichuan, China	66,536	314,560	Office & retail	100%	2015	Held and for sale	95,200
Fraser Suites Top Glory Shanghai	No. 1, Lane 600, Central Yincheng Road Lujiazui, Pudong New District Shanghai, China	24,316	49,212	Serviced Apartment	78%	2010	Held	48,465
Hong Kong Top Glory Tower	262 Gloucester Rd, Causeway Bay, Hong Kong SAR, China	1,155	20,003	Office & retail	100%	1993	Held	15,738
Hong Kong 11th Floor of World-Wide House	19 Des Voeux Rd C, Hong Kong SAR, China	–	–	Office	100%	1981	Held	1,309
Yuechuan Plaza	Hedong Road, Hedong District, Sanya, Hainan, China	698	2,445	Self Use	34%	1993	Held	–
Xidan Joy City (Entrusted Properties)	131 Xidan N St, Xicheng, Beijing, China	14,541	185,654	Complex	100%	2008	Held	66,176
Chaoyang Joy City (Entrusted Properties)	101 Chaoyang N Rd, Chaoyang, Beijing, China	58,958	405,570	Complex	90%	2010	Held and for sale	111,233
Tianjin Joy City (Entrusted Properties)	2-6 Nanmen Outer St, Nankai District, Tianjin, China	77,450	531,369	Complex	100%	2012	Held and for sale	80,276
Shanghai Joy City (Entrusted Properties)	166 Tibet N Rd, Zhabei District, Shanghai, China	85,949	437,609	Complex	100%	2011 (South tower)	Held and for sale	–
Yantai Joy City (Entrusted Properties)	150 Beima Lu, Zhifu District, Yantai, Shandong, China	40,762	219,964	Complex	–	2014	Held	–

Property Development

Name of Project	Address	Total Site Area	Gross Floor Area (Sq meter)	Uses/ intended uses	Equity Attributable to the Group	Actual/ Expected Completion Date	Sold Area (Sq meter)	Unsold Area (Sq meter)
The Signature	Yalong Bay National Tourism and Resort District, Jiyang Town, Sanya, Hainan, China	123,926	27,146	Commercial apartment	27%	2011	11,875.01	15,270.99
Princess Palace III	Yalong Bay Avenue, Yalong Bay National Tourism and Resort District, Jiyang Town, Sanya, Hainan, China	198,075	79,468	Residential and villa	27%	2012	72,159.02	5,301.98
Ocean One	600 Yingcheng Middle Rd, Lujiazui Finance and Trade District, Pudong, Shanghai, China	24,316	49,854	Residential	78%	2010	39,162.51	9,240.49
Chengdu Shine City	1 Joy Rd, Gaobei Village, Cuqiao, Wuhou District, Chengdu, Sichuan, China	88,832	326,530	Residential	30%	2014	177,971.23	132,933.52

Note: Unsold area includes pre-sale area and unsold area

Hotel Operations

Name of Project	Address	Total Site Area	Gross Floor Area (Sq meter)	Condition of Operation	Operation Type	Equity Attributable to the Group	Actual/ Expected Completion Date	No. of Guestroom
St. Regis Sanya Yalong Bay Resort	Yalong Bay National Tourism and Resort District (Gangcheng Rd) Jiyang Town, Sanya, Hainan, China	204,032	90,869	Operating	Held	34%	2011	373 guestrooms and 28 villa-styled suites
MGM Grand Sanya	Yalong Bay National Tourism and Resort District (Gangcheng Rd) Jiyang Town, Sanya, Hainan, China	106,667	108,332	Operating	Held	100%	2011	669 guestrooms and 6 villa rooms
Cactus Resort Sanya by Gloria	Yalong Bay National Tourism and Resort District (Longtan Rd) Jiyang Town, Sanya, Hainan, China	90,012	38,500	Operating	Held	34%	1998	563 guestrooms
Waldorf Astoria Beijing	5 JinyuHutong, Dongcheng, Beijing, China	6,149	44,180	Operating	Held	51%	2013	171 guestrooms and 2 courtyard houses (including 1 Hutong guest room and 4 suites of Hutong style)
W Beijing – Chang'an	2 Jianguomennan Avenue, Chaoyang, Beijing, China	6,746	62,805	Under construction	Held	100%	2014	353 guestrooms
Gloria Plaza Hotel Suzhou	535 Ganjiang East Rd, Pingjiang District, Suzhou, Jiangsu, China	8,001	26,255	Operating	Held	100%	1997	288 guestrooms
Gloria Grand Hotel Nanchang	39 Yanjiang North Rd, Donghu District, Nanchang, Jiangxi, China	4,050	37,329	Operating	Held	100%	1998	327 guestrooms

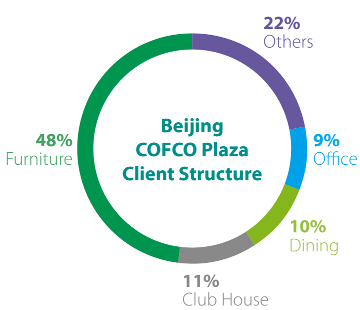
Property management and related services

No. of property management companies	Serviced area ('0,000 sqm)	No. of customers Served
4	444.73	33

2. PROJECT DEVELOPMENT

(I) Investment Property Segment

Investment Property Segment – Properties under Construction or Completed



BEIJING COFCO PLAZA

(60% equity attributable to the Group)

Beijing COFCO Plaza is a towering landmark on Chang'an Avenue, a commercial plaza with international offices and a perfect fusion of architecture and pragmatic style. Its gross floor area is 118,632 sq meters, including 60,000 sq meters for a high-end shopping center and parking lot plus two office buildings of 13 and 14 stories respectively with a total of 60,000 sq meters of prime office space.

Beijing COFCO Plaza has about 60,466 sq meters of lettable area of office space and its outstanding location has become one of the first selections for famous international and domestic companies for office space. Its principal clients include Fortune Global 500 and financial tenants such as Agricultural Bank of China, HSBC, P&G, IDG Capital (IDG Capital Partners) and Bosera Asset Management. Financial tenants lease more than 50% of the space. During the period under review, the office average occupancy rate was 82%, with average rent at RMB232/sqm/month.

Beijing COFCO Plaza has approximately 45,960 sq meters of total lettable area with furniture brands accounting for 48.15%. Many high-end furniture brands such as Vita Furniture and Yide Yijia have settled in. During the period under review, the average occupancy rate was 89%, with an average rent of RBM124/sqm/month.

With an exceptional location and a distinct business position, the plaza has performed remarkably with regard to rental income, rental rates increase, supporting facilities and customer qualities. We will continue to improve the hardware facilities, property services and rental rates to maintain Beijing COFCO Plaza's leading position in the region, and to bring a steady increase in rental income and rental rates.

FRASER SUITES TOP GLORY SHANGHAI

(78% equity attributable to the Group)

This project is in the same neighborhood as Ocean One luxury residence project. Located in the Pudong Lujiazui CBD and along the Huangpu River, it is a top-grade high-end serviced apartment project in Shanghai.

The project consists of three buildings of serviced apartments with a total of 185 rentable suites and over 300 rentable parking spaces. During the period under review, the average rent continued to continue to increase as compared to the same period last year. Overseas customers accounted for 80% of the tenants while domestic customers accounted for 20%. The vast majority of the customers are long-term tenants.

During the period under review, the entire hotel and apartment rental market in Shanghai was affected by both domestic and foreign economic trends and significantly slowed down as compared to that of 2012. The number of foreign customers reduced, and foreign companies reduced transnational dispatches while local businesses tend to recruit local talents. The market competitiveness was unabated, nonetheless. In such circumstances, Fraser Suites Top Glory Shanghai still obtained relatively satisfactory business performance. The annual average occupancy rate was 91%, with an average rent of RMB1,863 per room per night. It was honored with the 10th "Golden Pillow" award as the "Best Hi-end Serviced Apartment in China" in 2013, and was awarded the "China's Top 10 Hotels for Families" by Trip Advisor's "2013 Travelers' Choice".

HONG KONG TOP GLORY TOWER

(100% equity attributable to the Group)

Hong Kong Top Glory Tower is situated in Hong Kong's busiest commercial and business district – Causeway Bay, with a favorable geographical location. The famous Victoria Harbour is close by, providing fabulous harbour view at all times. It is also conveniently located for its proximity to the MTR route no. 1 and 4.

Hong Kong Top Glory Tower was completed in 1993, occupying a total site area of 1,155 sq meters with a leasable area of 15,738 sq meters, including office and retail spaces. The 2,007sq meter parking garage contains 72 parking slots. The favorable location of Hong Kong Top Glory Tower makes it one of the top choices for offices for many internationally reputable companies. Its major clients include Amvig Investment Limited, Yongyou (Hong Kong) Company Ltd., Winners Products Engineering Limited, etc..

During the period under review, the combination of Hong Kong Top Glory Tower's favorable geographic location and pleasant office environment created an outstanding performance in increasing rental income, scope of rental increase and average occupancy rate. Good operating results in all aspects were achieved, with an average occupancy rate of 96% and average rent of RMB347/month/sqm during the period under review. The rental income and average occupancy rate were higher than those of 2012 over the same period.

Hong Kong Top Glory Tower	2013	2012
Effective rent (in RMB)	347/month/sqm	324/month/sqm
Average Occupancy rate	96%	96%

11TH FLOOR OF HONG KONG WORLD-WIDE HOUSE

(100% equity attributable to the Group)

The entire property of 11th Floor of Hong Kong World-Wide House is situated in a 27-storey commercial office building that was completed in 1981.

11th floor of World-Wide House is for rental purpose. The property has a saleable area of 1,309.38 sq meters. The rental income was approximately RMB7.3 million during the period under review.

SHANGHAI COFCO TOWER

(50% equity attributable to the Group)

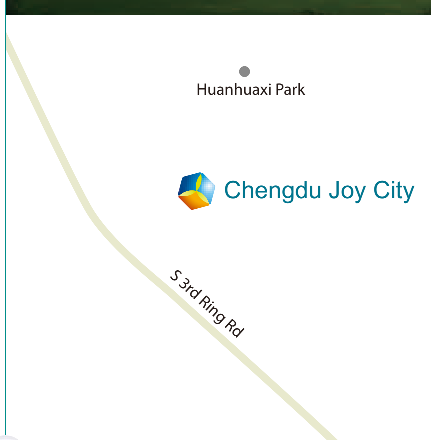
The project is an office tower located in Shanghai Inner Ring and adjacent to the newly emerging commercial centre in Shanghai – Xujiahui. Its construction began in 1999 and was completed in 2001. It is owned and developed by Shanghai COFCO and managed by Beijing Gloria Management. The project has a gross floor area of 20,606 sq meters and a total rentable area of 17,848 sq meters, the whole of which is office space. During the period under review, the average occupancy rate was 99.53% and the average rental rate continued to grow as compared to the same period of 2012.

CHENGDU JOY CITY

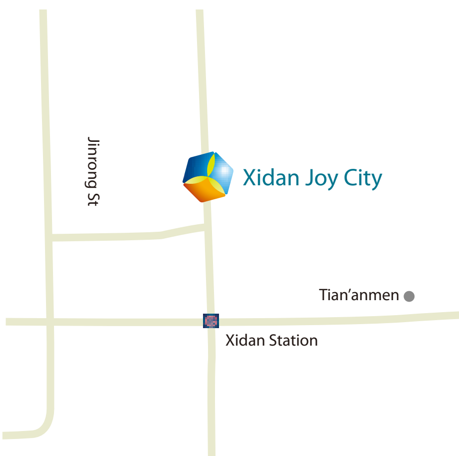
(100% equity attributable to the Group)

The Project is located in the Wuhou District 2.5 Ring in Chengdu, situated in the Outer Shuangnan luxury residential area, 6.8 km away from Tianfu Square in the city center, which is part of an emerging commercial circle in Chengdu. Traffic around the project is very convenient and it is poised to become the largest and most fashionable shopping center in southeastern Chengdu.

The project consists of a shopping center, a commercial district and office buildings, covering a total site area of 66,536 sq meters with a gross floor area of 314,560 sq meters. The project will be built to become a commercial complex that provides a variety of experiential and recreational services including dining, entertainment, shopping and leisure all in one place. The project is planned to commence construction in the 2nd quarter of 2014. The shopping center is expected to begin its trial operation in 2015. Portions of the offices and commercial district are planned for sale. At present, the construction of the project is progressing according to our development schedule.



Investment Property – Entrusted Properties



XIDAN JOY CITY

(Entrusted Properties)

Xidan Joy City is situated in the prime location of Xicheng District of Beijing-the bustling Xidan North Street-which is 200 meters north of Chang'an Street and across the south end of the characteristic commercial areas between Financial Street and Xinjiekou Commercial Area representing an excellent geographical position.

The total site area of Xidan Joy City is 14,541 sqm and the gross floor area is 185,654 sqm. It is a fashionable shopping centre comprising an array of functions such as shopping mall, serviced apartment and grade-A office tower all in one.

During the period under review, the shopping centre of Xidan Joy City recorded an average occupancy rate of 98% with average rent at RMB922/sqm/month. Throughout the year, a total of around 29.323 million consumers were served. It has become a leader in the industry with performance surpassed all of the other commercial projects in the same business circle. Xidan Joy City is one of the most popular shopping centres in Beijing, with its pleasure of experiential shopping well enjoyed by the young and trendy. As such, the specialty stores of some trendy brands in Joy City such as Sephora, MUJI, Orchily and Teenie Weenie were all ranked number one nationwide in terms of sales.

To further enhance the image of the project and sharpen the edge of the Joy City brand, Xidan Joy City took a number of improvement measures. By constantly introducing unique brands, the tenant mix was improved and rental rates were increased. During the year under review, 33 brand adjustments have been completed, including the German branded wrist-watch, Tendence, the Milanese fashion brand, Love Moschino and etc. Also, through constant optimizations of shopping environment such as LED pilasters, lavatories and guiding system, the consumers were given a more comfortable environment with congenial atmosphere for shopping.

During the period under review, the operations of office building and serviced apartments of Xidan Joy City also maintained good operating conditions through constant adjustments to the strategies of tenancy and marketing.

CHAOYANG JOY CITY

(Entrusted Properties)

Chaoyang Joy City is situated in Chaoqing business circle of the prime location of Chaoyang District in Beijing City, 5 km away from the CBD business circle, surrounded by a number of high-end apartments and an area accommodating a population of 2.50 million.

Chaoyang Joy City is a property on top of metro station of Route No. 6 with a total site area of 58,958 sqm and gross floor area of 405,570 sqm and a city complex comprising shopping centres and commercial apartments. The leasable area of the shopping centre is 111,233 sqm and there are 2,191 car parking spaces. Business operation commenced in May 2010 with anchor stores such as EE City, Jinyi Cinema, GAP and ZARA, together with more than 200 fashionable shops and more than 70 reputable restaurants. The six themes of shopping, dining, entertainment, culture, education and leisure all merge into one in this large shopping centre.

With advanced consuming ideas, a diversified business mix, a constantly optimizing tenancy structure and a comfortable indoor space, a huge number of commercial and residential customers with high consuming power were attracted to the Chaoyang Joy City. The project shows a strong market appeal as demonstrated by an average of 50,000 visitors per day on week days and an average of nearly 70,000 visitors per day during weekends. The innovative promotional events attracted a lot of eyeballs in the media, and successfully led the trend of innovative media and interactive shopping centre.

Through upward adjustments in terms of marketing, brands, display, system and traffic flow, both sales and rental rates increased year-on-year, indicating a potent momentum of growth during the period under review. The average occupancy was 99% with average rent RMB255/sqm/month during the period under review.

SHANGHAI JOY CITY

(Entrusted Properties)

Shanghai Joy City is situated in the Suzhou River District of Shanghai City adjacent to the renowned business circle of Nanjing East Road, where numerous contemporary service industries are found. While enjoying the rare natural scenic resources in an urban city, this project has an excellent geographical location with its connection to transportation networks, thanks to its proximity to the interchange metro station of routes no. 8 and no. 12 as well as a number of bus stops

Shanghai Joy City is a large project of mixed-use complex comprising shopping malls, offices and residential spaces being developed in two phases. Currently, the Southern Tower of Phase 1 has been completed and the northern tower of phase 1 and phase 2 are still under construction. This project occupies a total site area of 85,949 sqm with a total gross floor area of 437,609 sqm.

The gross floor area of the southern tower of phase 1 is 63,922 sqm comprising an 11-storey shopping mall, one underground level for commercial use and over 100 parking spaces. Some of the anchor store tenants include MUJI, Armani Jeans, H&M, UNIQLO, Haoledi KTV and Jinyi Cinema. During the year under review, the average occupancy rate of the shopping centre was 98% with average rent RMB257/sqm/month.

For the constant enhancement of shopping atmosphere and the brand image of "Joy City", 44 shops in the shopping mall of the Southern Tower of Phase I in Shanghai Joy City were adjusted during the period under review, with adjusted area of over 3,000 sqm. Brands such as cafe lugo and innisfree were introduced to increase the proportion of experiential brands. Intimate interaction with the consumers was strengthened through new media technologies such as WIFI portal, official mobile terminal applications (APP), WeChat and Weibo.

The total Gross Floor Area of the Northern Tower of Phase 1 of Shanghai Joy City is 95,217 sqm comprising an 8-storey shopping centre and hundreds of parking spaces; the shopping atmosphere of the Joy City shopping centre will be subsequently enriched to enhance the business image and the commercial brand value of Joy City.

The expected gross floor area of Phase 2 is 278,470 sqm comprising a high-rise office building, a building of serviced apartments, a high-rise residential building, retailing areas, a clubhouse and parking spaces.

TIANJIN JOY CITY

(Entrusted Properties)

Situated in the inner ring area of the core region in Tianjin, Tianjin Joy City is in the immediate vicinity of the main streets of the city, namely Nanmen Outer Street and Nanma Road. With the convergence of numerous bus lines and seamless connection to Tianjin Metro Route No. 2, it has an excellent geographical location. It is also the first one-stop experiential shopping centre in Tianjin.

With a total site area of 77,450 sqm and a gross floor area of 531,369 sqm, Tianjin Joy City is a mixed-use complex with a shopping centre, high-class residential spaces, commercial apartments and Grade A offices. Based on the planning of existing projects, the total leasable area and total saleable gross floor area add up to 254,864 sqm, comprising shopping centre of total leasable area of 80,276 sqm, high-class residential spaces of total saleable gross floor area of 67,248 sqm, Grade A office spaces of total saleable gross floor area of 61,254 sqm and commercial apartments of total saleable gross floor area of 46,086 sqm.

The development of Tianjin Joy City Shopping Centre was completed in May 2012. During the period under review, average occupancy rate reached 95% with average rent per sqm/month RMB214. During the year, a total of around 14.275 million consumer visits were recorded. This project has become a leader in the industry, thanks to its remarkable results that surpassed the other commercial project within the same business circle.

YANTAI JOY CITY

(Entrusted Properties)

Yantai Joy City is planned to be built in Zhifu District of Yantai City. This project has an excellent geographical location and is well connected to transportation networks with its proximity to the planned metro station of the Yantai metro system.

With a total site area of 40,762 sqm and a gross floor area of 219,964 sqm, Yantai Joy City is a mixed-use complex comprising a shopping mall, residential units and recreational facilities.

During the period under review, the main structure of Yantai Joy City has been topped out, while the secondary structure, steel structure and curtain wall construction are in progress. It is expected to open for business in July 2014.

(II) Property Development

Property Development – Properties under Construction and Properties Completed

OCEAN ONE

(78% equity attributable to the Group)

Situated in the CBD of Lujiazui in the Pudong new area of Shanghai, Ocean One is a first-class luxury residential project beside the Huangpu River. The project enjoys a view of the Huangpu River and the Bund as well as the contemporary landmark in Shanghai such as the Oriental Pearl TV Tower.

The land for the project was acquired in 2002. The project comprises two blocks of luxury residential buildings for sale and the saleable area is 48,407.03 sqm. Phase One was opened for sale in 2008 and Phase Two was opened for sale in June 2012. The project was developed by Shanghai Top Glory and was completed at the end of 2012.

During the period under review, the sales trend was impressive with 24 sets already sold, and a slight increase in sales price. In 2013, its sales record was ranked the first in the high-class luxury residential market for properties in the class of RMB50 million.

THE SIGNATURE

(27% equity attributable to the Group)

Situated in the St. Regis Sanya Yalong Bay Resort of Yalong Bay National Tourism and Resort District, The Signature, a top-notch coastal resort rarely found in China, enjoys the amazing views of Yalong Bay and the mangrove conservation area. It was awarded with the honour of "China Most Picturesque Luxury Apartment 2011" by CILPS and "Best of the Best" by Robb Report in 2011.

The land for project development belongs to Yalong Bay Phase 1, which was acquired from the sale after division of land by the Chinese government. The project occupies a total site area of about 123,926 sqm, with a total saleable gross floor area of 27,146 sqm and 29 villa-styled apartments. The highest price of which for a single set transaction exceeded RMB200 million. Residents can enjoy and use the private beach of the St. Regis Sanya Yalong Bay Resort, as well as the high-end resort amenities including dozens of star-rated hotels, two world-class golf clubs and Flowers Valley Shopping Centre. The project was completed in 2011.

During the period under review, 5 sets have already been sold with sales price continued to lead in the market.

PRINCESS PALACE III

(27% equity attributable to the Group)

Princess Palace III is located in the Yalong Bay National Tourism and Resort District, lying next to Hongxialing tropical rainforest and constructed along natural terrain. With a privately owned 400-meter beach of 5-star quality, adjacent to Yalong Bay Golf Club and Hongxiagu Golf Club, it is a top-notch resort in China. The development received the "China Most Picturesque Luxury Apartment" title ("中國最美江山環境豪宅") awarded by CLPS in 2011 and the "International Award for Villa in China – Resort of the Highest Quality Award".

The land for project development belongs to Yalong Bay Phase 1, which was acquired from the sale after division of land by the Chinese government. The project occupies a total site area of about 198,075 sqm with a total saleable gross floor area of around 77,461 sqm, comprising villa-styled apartments and multi-storey commercial apartments. It is 20 kms away from downtown of Sanya and a 30-minute ride from Sanya Phoenix International Airport by transportations including hotel shuttles, taxis, and buses (medium-size as well as full-size) of dedicated routes. The peripheral area offers a comprehensive set of supporting facilities, including Flowers Valley Shopping Centre, Yalong Bay Golf Club, Sun Valley Golf Club, a number of 5-star resort hotels such as Ritz Carlton and St. Regis, a crystal white beach, Underwater World, an aquatic sports centre and Yalong Bay Yacht Club, all contributing to a first class international resort. The project was fully completed in 2011, and during the period under review, the sales of the project were satisfactory with 113 sets sold and the sales price continued to lead in the market.

YALONG BAY MOUNTAIN OCEAN PARK

(34% equity attributable to the Group)

The project is located in the Yalong Bay National Tourism and Resort District. It is expected to consist of seven themed park areas, consolidating activities such as butterfly watching, sightseeing, mountain trekking and water sports in one place.

The land for project development belongs to Yalong Bay Phase 1, which was acquired from the sale after division of land by the Chinese government. The project occupies a total site area of 396,709 sqm, expected gross floor area around 26,197 sqm. The project is now closed and is ready for reconstruction.

CHENGDU SHINE CITY

(30% equity attributable to the Group)

The project is located at 2.5 Ring in the Wuhou District of Chengdu. Situated in the high-end residential area of external Shuangnan, which is a major development area in Wuhou in the future. The project is conveniently located, only 6.8 km away from the heart of the city Tianfu Square, with a network of converging bus routes and metro lines, and a full support of commercial, educational and medical facilities, making it a congenial habitable community in the city.

The Company made a successful bid for the project lot in 2009. The project occupies a total site area of 88,832 sqm with expected saleable area of 310,905 sqm, comprising 3 Phases, of which Phase 1 and Phase 2 were completed in 2011 and 2012 respectively. Phase 3 comprises residential apartments and British Styled Commercial Street, occupying an area of 23,767.11 sqm with its expected saleable gross floor area of 63,780 sqm. The transportation network is convenient with San Huan Road on its south and more than ten public transport routes in the vicinity. Metro Route No. 3 and route No. 7 are under construction and will be completed in 2015 and 2016 respectively. The peripheral supporting facilities are comprehensive with a community's farmers market, Joy City shopping mall and West China Hospital medical resources. Excellent educational resources such as Long Jiang Road Primary School are introduced to create a high-quality social community in the future.

During the period under review, the overall construction is on schedule.

PRIMARY DEVELOPMENT PROJECT OF CHENGDU SOUTHWEST LOGISTICS PARK

(100% equity attributable to the Group)

The primary development project of Chengdu Southwest Logistics Park is located in Shuangnan area of Wuhou District in Chengdu, occupying a total area of 1,200 mu (畝). The area will be developed into a new Shuangnan area comprising international residential community, fashionable commercial apartments and high-end commercial offices.

The Company signed a primary development agreement with the people's government of Wuhou District in July 2005 and agreed to return 75% land payment to the Group for infrastructure and public facilities construction after the launch of the residential land. The area will be developed into a new community through the developments such as settlement after demolition, land formation, municipal infrastructure and public facilities construction. Through proper planning, basic municipal infrastructure such as Daiyue Road and Jialing Road have been built. Excellent educational resources such as Long Jiang Road Primary School have also been introduced into the area. The letter of land use for the facilities including social service centres, farmers markets and public green area has been obtained and 545 mu of land has been successfully sold in the market. The project generated income for the enterprise through land development on one hand and on the other hand provided the enterprise with good opportunities for land reserve.

(III) Hotel Operation Business

Hotel Operation Business – Sanya

THE ST. REGIS SANYA YALONG BAY RESORT

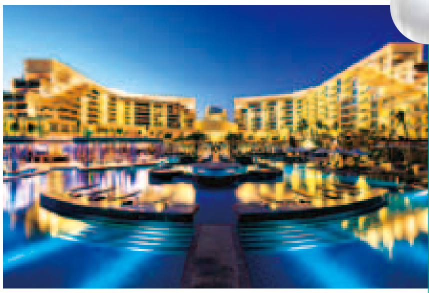
(34% equity attributable to the Group)

The St. Regis Sanya Yalong Bay Resort is located in China's top resort area Yalong Bay National Tourism and Resort District in Sanya of Hainan Province. This 5-star international top-class luxury resort hotel is adjacent to Golf Club and Mangrove Conservation area. It is operated and managed by Starwood Group on behalf of the Company.

The hotel commenced its business since November 2011 with a total site area of around 204,032 sqm and a gross floor area of around 90,869 sqm. There are 373 guest rooms and 28 villas in total with many of its rooms featuring the excellent and desirable ocean view of Yalong Bay. The hotel is the only one on the island which can provide yacht parking spaces meeting the international standard. It has also launched the exclusive and unique way for the guests to land on the hotel by way of a yacht. While providing private parties on yachts, sunset cruises and romantic yacht weddings, it is also the first hotel that offers the exclusive St. Regis personal butler service to room guests. Since the commencement of operation, the hotel has been honored with many awards including the "Hot Leisure Resort in Asia" award by Smart Travel in 2012. The hotel offers comprehensive facilities and amenities including a private beach, an infinity swimming pool, a heated pool, a spa and fitness area, tennis courts and in-house theatres.

During the period under review, The St. Regis Sanya Yalong Bay Resort vigorously adjusted its business measures in face of the adverse condition of rapid decrease in demand in the hotel market, and demonstrated a strong momentum of growth with evident improvements in its operation. The Average Revenuse Per Available Room (RevPAR) was RMB1,549 representing a year on year, increase of 49.4%.

The St. Regis Sanya Yalong Bay Resort	2013	2012
Average Occupancy Rate	66%	47%
Average Room Rate (in RMB)	2,356	2,276
RevPAR (in RMB)	1,549	1,037



MGM GRAND SANYA

(100% equity attributable to the Group)

MGM Grand Sanya is a beyond-five-star luxury resort hotel located in Yalong Bay National Tourism and Resort District in Sanya of Hainan Province and is the first MGM resort in the PRC. It is operated and managed by Diaoyutai/MGM (Beijing) Grand Hotel Management Co., Ltd. on behalf of the Company.

MGM Grand Sanya commenced its business in December 2012 with a total site area of around 106,667 sqm and a total gross floor area of around 108,332 sqm. There are 669 guest rooms and 6 villas on the beachfront with many of its rooms enjoying the fabulous views of the South China Sea. The hotel has received various awards such as the "China Hotel Golden Horse Award – Top 10 Resort Hotel in Asia" awarded by the Organising Committee of Annual Meeting of China Hotel Industry, recommended as the best venue for fashions and trends releases as well as influential, exciting events for the island or even South East Asia. The hotel offers comprehensive facilities and amenities including a private beach, swimming pools, tennis courts, spa and gymnastic facilities, restaurants and bars. Conference rooms and meeting facilities are also available within the hotel for conventions, meetings and exhibitions, providing over 4,000 sqm of meeting space that can facilitate events of different scales and types.

During the period under review, MGM Grand Sanya vigorously adjusted its competitive strategies and entirely improved the hotel operations in face of the adverse condition of rapid decrease in demand in the hotel industry. With its competitive status significantly improved, the hotel is in a leading position among competitors in the same region. The average Revenue Per Available Room (RevPAR) was RMB989, increased by 46% year-on-year.

MGM Grand Sanya	2013	2012
Average Occupancy Rate	60%	47%
Average Room Rate (in RMB)	1,475	1,359
RevPAR (in RMB)	989	677

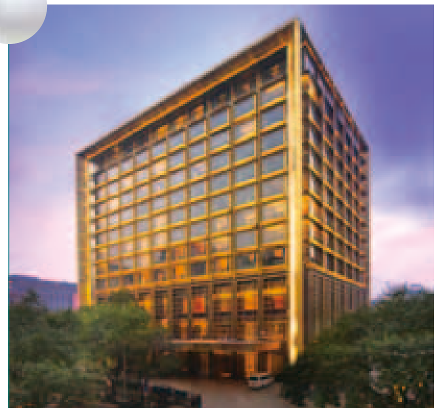
Hotel Operation Business – Beijing

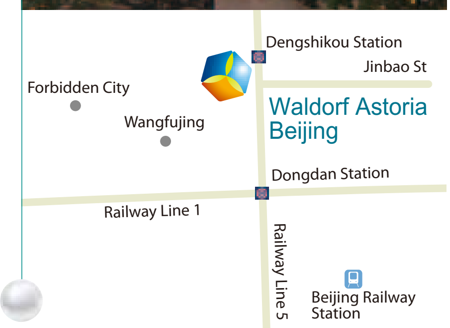
WALDORF ASTORIA BEIJING

(51% equity attributable to the Group)

Waldorf Astoria Beijing is located in the prime area of the most famous Wangfujing commercial district in Beijing. It is a premium brand with more than a hundred years of history operated under the world-famous international hotel management company, Hilton International Co., Ltd. and is a new landmark in Beijing.

The hotel was completed in November 2013 and has commenced its trial operation on 30 November and it is currently in operation officially. The hotel occupies a total site area of around 6,149 sqm with a total gross floor area of around 44,180 sqm, offering 171 guest rooms and 2 luxury courtyards (consisting of 1 Hutong guest room and 4 hutong suites).





W BEIJING – CHANG' AN

(100% equity attributable to the Group)

W Beijing – Chang' an, located in a commercial district surrounded by foreign embassies in the center of Beijing, is a beyond-5-star international high-end luxury hotel which is now under construction. Being the first W Hotel in Beijing, it is poised to stand along-side with the long historical culture and the contemporary buildings in the city.

W Beijing – Chang' an is expected to commence business in the second half of 2014. It occupies a total site area of around 6,746 sqm and a total gross floor area of around 62,805 sqm. The hotel is expected to offer 353 guest rooms.

The progress of the construction has been satisfactory during the period under review.

GLORIA GRAND HOTEL NANCHANG

(100% equity attributable to the Group)

Gloria Grand Hotel Nanchang is the first luxury 5-star resort hotel in the district, located by the beautiful Ganjiang River in the center of Nanchang City, with the ancient and unadorned Prince Teng Pavilion and the famous Bayi Bridge close at hand. The cultural landscape as viewed from Gloria Grand Hotel Nanchang is depicted altogether by the bustling downtown in the heart of Nanchang with captivating neon lights, the Prince Teng Pavilion by the side, along with a distant view of the autumn river and the endless sky.

Gloria Grand Hotel Nanchang has been operating since 1998, occupying a total site area of 4,050 sqm with a total gross floor area of 37,329 sqm. The hotel offers a total 327 guest rooms with complete facilities including a gym, indoor swimming pool, multifunctional hall and conference rooms in which small and large meetings can be convened.

Despite fierce competition in the hotel market, Gloria Grand Hotel Nanchang had excellent performance with improved operating results achieved through strategy adjustment during the period under review. Significant improvements were recorded in both Average Occupancy Rate and Revenue Per Available Room. The average occupancy rate was increased by 9% year-on-year, and the average Revenue Per Available Room (RevPAR) was increased by 12% year-on-year.

GLORIA PLAZA HOTEL SUZHOU

(100% equity attributable to the Group)

Gloria Plaza Hotel Suzhou is a well-operated 4-star resort hotel located in the heart of Suzhou with an excellent geographical position. It is within a very short distance from the renowned Guanqian Street, and is conveniently located next to Metro Route No. 1.

On the basis of assuring its existing revenue, Gloria Plaza Hotel Suzhou continued to improve its Average Occupancy Rate during the period under review. Its Revenue Per Available Room was increased by 6%.

CACTUS RESORT SANYA BY GLORIA

(100% equity attributable to the Group)

Cactus Resort Sanya by Gloria is located in China's famous resort area – the Yalong Bay National Tourism and Resort District in Sanya of Hainan Province. Sitting at the bottom of mountains, it commands a fabulous sea view with tropical beaches. The hotel is managed by Gloria International Hotel Management (Beijing) Co. Ltd.

Cactus Resort Sanya by Gloria occupies a total site area of 90,012 sqm, with a total gross floor area of 38,500 sqm offering 563 guest rooms and suites, most of them enjoy either mountain view or sea view. The hotel has been honoured with a number of awards, including the "2010 Boao International Forum Designated Reception Hotel" awarded by the Boao International Tourism Forum Preparatory Committee. Cactus Resort Sanya by Gloria is complete with all types of facilities and amenities including a private beach, tennis courts, hot-spring with fish therapy, swimming pool, spa, restaurants and bars. The hotel also offers banquet service with a banquet room that can accommodate 500 people. Its conference centre has a capacity of accommodating over 300 people, and can be divided into seven smaller conference rooms.

During the period under review, Cactus Resort Sanya by Gloria has demonstrated steady performance in all aspects.

3. LAND BANK

In 2013, the Company did not increase its land reserves. Up to the end of 2013, the projects pending for development included 8 parcels of land in Yalong Bay Mountain Ocean Park, a parcel of land at Gaobeidian in Chengdu and the C02, C03 land parcels of Hainan International Convention and Exhibition Center. The above projects are expected to be developed for sale at different times from 2014 onwards, laying a solid foundation for the continuous growth of the Company's performance. In the future, the Group will continue to adopt the Joy City brand of urban complex as the major direction of resource allocation. The Group will actively seek opportunities to increase land reserves from the open and private markets. In the open market, the Company will strengthen its analysis of project location values and enhance its land assessment capability, so as to beef up its capability in identifying quality land opportunities for acquisition. In the private market, the Company's investment property business will extend the operation of Joy City in an asset-light manner through acquisition of existing projects in the core districts of the target cities, or through engagement in cooperation or equity-participated projects by supplying brand and management. In terms of property development, the Company will strive for rapid expansion through acquisition of other companies and the subsequent integration of land resources and teams. On the condition that financial soundness is guaranteed, the Company plans to add 1 million sqm to the land bank in 2014, with an aim to maintain sufficient land reserves for development projects in the coming 3 to 5 years.

Name of Project	Address	Total Site Area (sqm)	Gross floor area (sqm)	Project Type	Operation Type	Equity Attributable to the Company
8 land parcels of Yalong Bay Mountain Ocean Park (i.e. Harbour Park)	Yalong Bay International Resort Area, Jiyang Town, Sanya, Hainan Province, PRC	396,709	26,197	Tourist Area	Held	34%
Land parcels of Gaobei Shops in Chengdu	Gaobei Village, Cuqiao Sub-district, Wuhou District, Chengdu, Sichuan Province, PRC	12,020	–	Commercial	–	–
CO2, CO3 Land Parcels of Hainan International Convention and Exhibition Center	Yefeng Road, Yalong Bay International Resort Area, Jiyang Town, Sanya, Hainan Province, PRC	224,382	89,700	Complex	Held, for sale	27%

4. FINANCIAL CAPITAL

Company's Overall Performance Review

On 19 December 2013, the Company completed the acquisition of the Target Group as defined in Note 2 to Consolidated Financial Statements from COFCO Land. The properties portfolio of the Target Group comprised 12 property projects include two complexes located in Chengdu and Beijing, two commercial property projects in Hong Kong and Shanghai, four hotel projects located in Beijing, Nanchang and Suzhou, one integrated tourism project in Sanya, and three minority-held projects in Shanghai, Sanya and Chengdu. The total consideration for the acquisition was HK$14.167 billion, and according to the instruction of COFCO Land, which is settled by the issuance of 5,988,199,222 ordinary shares of par value HK$0.10 per share with issue price of HK$2.00 per share and 1,095,300,778 non-redeemable convertible preferred shares by the Company to Achieve Bloom Limited. Since the Existing Group and Target Group were jointly controlled by Achieve Bloom Limited before the acquisition since 23 July 2012, and Achieve Bloom Limited is still a shareholder of the Group after the transaction has completed. As a result, the transaction is a merger of companies under common control, and the principle of merger accounting should be applied. And as such, the financial information for the year 2012 is required to be restated (refer to Note 2 to Consolidated Financial Statements for details). Profit for the period of 2013 was RMB3,264.1 million (2012: RMB1,666.5 million), representing a year-on-year increase of 95.9%.

Revenue

For the year ended 31 December 2013, the Group's revenue amounted to RMB3,922.6 million, representing a drop of 11.5% as compared to RMB4,433.0 million for 2012.

Revenue by Business Segments	Year ended 31 December 2013 RMB'000	2013 Percentage of total revenue (%)	2012 (restated) RMB'000	2012 (restated) Percentage of total revenue (%)	Annual change (%)
Property and land development	2,517,953	64.2	3,228,725	72.8	-22.0
Property investment	389,467	9.9	357,895	8.1	8.8
Property management and related services	203,237	5.2	210,996	4.8	-3.7
Hotel operations and tourism	811,895	20.7	635,392	14.3	27.8
Total	3,922,552	100.0	4,433,008	100.0	-11.5

In 2013, the Group's revenue from properties and land development accounted for 64.2% of total revenue, representing a decrease of 22%, mainly due to a decrease in area of multi-storey commercial apartments and villa-styled apartments of Princess Palace III and villa-styled apartments of The Signature; rental income from investment properties accounted for 9.9% of total revenue, an increase of 8.8% as compared to that in 2012, mainly attributable to the increase in rental income of Beijing COFCO Plaza, Fraser Suites Top Glory Shanghai and Hong Kong Top Glory Tower; revenue from hotel operations and tourism accounted for 20.7% of total revenue, representing a year-on-year increase of 27.8%, mainly attributable to the growth in revenue of MGM Grand Sanya and St. Regis Sanya Yalong Bay Resort; revenue from property management and related services accounted for 5.2% of total revenue, representing a year-on-year decrease of 3.7%.

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2013, the Group's cost of sales was approximately RMB1,584.5 million, and the overall gross profit margin was 59.6%, slightly higher than 57.8% for 2012. During the year, the gross profit margin recorded a slight growth for property sales and property leasing, surged for hotel operation due to good performance of two new hotels in Sanya, increased significantly. In respect of property management and related services, there was a slight drop of gross profit margin.

Distribution of gross profit by business segment	Year ended 31 December Gross profit margin for 2013 (%)	Gross profit margin for 2012 (%) (restated)
Property and land development	64.0	61.3
Property Investment	76.2	74.6
Property management and related services	47.5	52.6
Hotel operations and tourism	41.1	32.1
The Group	59.6	57.8

Other Income

For the year ended 31 December 2013, the Group's other income was approximately RMB281.8 million, representing an increase of 14.5% as compared to RMB246.2 million for 2012, mainly due to a year-on-year increase in the interest income arising from the loans to Sanya Tian'en Real Estate Co., Ltd., an associated company.

Other Gains and Losses

For the year ended 31 December 2013, other gains and losses of the Group increased by RMB242.7 million to approximately a gain of RMB238.4 million from a loss of RMB4.3 million for 2012, primarily due to the increase of RMB232.0 million in the gain arising from the disposal of the equity in Sanya Tian'en Real Estate Co., Ltd., an associated company.

Fair Value Gain of Investment Properties

For the year ended 31 December 2013, gain on the fair value of investment properties held by the Group was RMB3,076.1 million, as compared to RMB678.9 million in 2012, mainly attributable to the increase of RMB2,494.0 million in the fair value of COFCO Plaza recognised in 2013.

The increase in fair value of Beijing COFCO Plaza was mainly due to lower capitalization ratio determined with reference to the past and actual rates and sales transactions of premium commercial properties in Beijing in revaluation of Beijing COFCO Plaza, together with possible increase in lease income of Beijing COFCO Plaza when revising the leases in future.

Distribution and Selling Costs

For the year ended 31 December 2013, the Group's distribution and selling costs amounted to RMB232.0 million, representing an increase of 17.5% as compared with RMB197.5 million for 2012, mainly due to (1) higher commissions in relation to sales of Princess Palace III and The Signature; and (2) the increase in the average salaries of sales and distribution staff. Distribution and selling costs expenses primarily included sales and marketing staff costs, insurance expenses, advertising and promotion costs, sales commissions, depreciation costs and other expenses related to sales and marketing, which accounted for 5.9% of the total revenue (2012: 4.5%).

Administrative Expenses

For the year ended 31 December 2013, the Group's administrative expenses amounted to RMB566.2 million, representing an increase of 22% as compared with RMB463.9 million for the 2012, primarily due to (1) increased professional and other fees related to reverse acquisitions in 2013; (2) pre-opening expenses and costs of Waldorf Astoria Beijing Hotel (including those for purchase of consumables and payroll costs); and (3) increased management fee paid to third party hotel management company as a result of the increase in revenue of hotels in Sanya in 2013. The administrative expenses mainly included, amongst others, staff salaries, social insurance and benefits for staff, insurance expenses, depreciation and amortisation, travel and entertainment expenses, certain taxation expenses, overhead costs and professional service fees, which accounted for 14.4% of the Group's total revenue (2012: 10.5%).

Finance Costs

For the year ended 31 December 2013, the Group's finance costs fell by 2.96% to RMB169.1 million from RMB174.3 million for 2012.

Income Tax Expense

For the year ended 31 December 2013, the Group's income tax expense was RMB1,694.8 million, representing an increase of 76.2% as compared to RMB962.1 million for 2012, primarily due to an increase of RMB403.9 million in deferred tax as a result of a substantial increase in deferred income tax caused by increased fair value of investment properties. In 2013, the effective tax rate of the Group declined to 34.2% (2012: 36.6%).

Profit Attributable to Owners of the Company

For the year ended 31 December 2013, profit attributable to owners of the Company was RMB2,008.0 million, representing an increase of 118.5% as compared to that of RMB918.8 million for 2012. Basic earnings per share for the year were RMB0.33, representing an increase of 103.7% as compared to RMB0.162 for 2012.

Investment Properties

As at 31 December 2013, our investment properties primarily were Beijing COFCO Plaza, Fraser Suites Top Glory Shanghai and Hong Kong Top Glory Tower. As at 31 December 2013, our investment properties increased to RMB13,238.7 million from RMB10,186.6 million as at 31 December 2012, primarily attributable to an increase in the value of investment properties after revaluation.

Property, Plant and Equipment

As at 30 September 2013, the valuation amounts of the property of the Group were RMB28,807.3 million as included in the circular dated 30 November 2013, in which the valuation amounts of the Group's Hotels and other fixed assets for own use were RMB8,500.3 million. The Group's hotels and other fixed assets for own use are currently booked at cost. If such assets were recorded based on the valuation amounts as at 30 September 2013, the difference of accumulated depreciations between the two types of calculation was approximately RMB46.2 million for the period from 1 October 2013 to 31 December 2013.

Leasehold Lands and Land Use Rights

As at 31 December 2013, land use rights amounted to RMB608.5 million, mainly including the land use rights of hotels and the land use right as well as the waters use right of Sanya Yalong Bay Development Co., Ltd..

Properties under Development

As at 31 December 2013, the current portion of the properties under development was the development cost of properties under construction held for sale, mainly including Yalong Bay International Exhibition Center Complex, and the non-current portion represented the development cost of owner-occupied properties under construction, mainly including hotel properties. As at 31 December 2013, properties under development (including current and non-current portion) increased from RMB465.9 million as at 31 December 2012 to RMB1,700.5 million. The increase in current portion was mainly due to payment of land premium of Yalong International Exhibition Center, and for non-current portion, it was because of investment in construction of W Beijing-Chang'an Hotel and Waldorf Astoria Beijing Hotel.

Properties Held for Sale

As at 31 December 2013, properties held for sale mainly included Ocean One Suites, multi-storey commercial apartments and villa-styled apartments of Princess Palace III and villa-styled apartments of The Signature. As at 31 December 2013, properties held for sale dropped to RMB852.8 million from RMB1,529.7 million as at 31 December 2012, mainly because the sales of Ocean One Suites, multi-storey commercial apartments and villa-styled apartments of Princess Palace III and villa-styled apartments of The Signature were carried forward during the year.

Accounts Receivable

As at 31 December 2013, accounts receivable included receivables from property sales, rental receivables, property management fees receivable, hotel operation receivables and other receivables. Accounts receivable of RMB93.5 million as at 31 December 2012 decreased to RMB47.2 million as at 31 December 2013, mainly due to the strengthening of receivables management by the projects including COFCO Plaza and Gloria Properties Management Limited.

Accounts Payable

As at 31 December 2013, accounts payable primarily included trade payables and accrued expenses related to construction (including construction cost of properties under construction (involving properties constructed for sale) and other project-related expenses), which decreased to RMB630.2 million from RMB838.7 million as at 31 December 2012, mainly due to projects progress payments for The Signature and Princess Palace of Yalong Bay Company and Ocean One of Shanghai Top Glory.

Bank and Other Borrowings

Bank and other borrowings increased from RMB3,539.3 million as at 31 December 2012 to RMB4,217.2 million as at 31 December 2013, representing an increase of 19.2%. As at 31 December 2013, the total Bank and other borrowings at fixed interest rates was RMB1,490.0 million; the total Bank and other borrowings at floating interest rates was RMB2,727.2 million.

Analysis on the Group's Bank and Other Borrowings:

Item	At 31 December 2013 (RMB'000)	 2012 (restated) (RMB'000)
Carrying amount repayable:		
within 1 year	1,860,085	506,958
with the second year	967,073	1,157,260
within the 3rd to the 5th year (inclusive)	632,000	572,000
Over five years	758,000	1,303,100
Total	4,217,158	3,539,318

Bank and other borrowings of approximately RMB1,860.1 million is repayable within one year and is shown as current liabilities. All the Group's borrowings are denominated in Renminbi and Hong Kong dollars. There is no material seasonal impact on the Group's needs for borrowings.

As at 31 December 2013, the Group had banking facilities of approximately RMB7,510 million, of which RMB4,968 million was utilized and all were denominated in Reminbi and Hong Kong dollars.

Net Gearing Ratio

Item	At 31 December 2013 (RMB'000)	 2012 (restated) (RMB'000)
Bank and other borrowings (current and non-current)	4,217,158	3,539,318
Less: cash and cash equivalents	7,941,122	2,891,403
Net (cash)/debt	-3,723,964	647,915
Total equity	18,064,217	9,388,477
Net (cash)/debt to total equity	-20.6%	6.9%

Liquidity

The Group previously financed its working capital and capital expenditures by cash flows from operating activities, capital contributions from shareholders and commercial bank loans. In the future, the Group will continue to rely on cash flows from operating activities and business loans, and will also consider the issuance of bonds or other securities.

As at 31 December 2013, the Group had cash and cash equivalents of RMB7,941.1 million, mainly denominated in Renminbi, Hong Kong dollars and U.S. dollars. (2012: RMB2,891.4 million).

The Group's net cash inflow for the year ended 31 December 2013 amounted to RMB5,056.5 million, which include:

Net cash inflow from operating activities of RMB1,975.8 million, mainly attributable to the revenue from property sales, property leasing and hotel operations, primary land development and property services, which were partially offset by the payment of land premium and construction cost and taxation cost.

Net cash inflow from investment activities amounted to RMB2,665.6 million, primarily attributable to the proceeds due to the recovery of related subsidiaries and associated companies, the disposal of the equity in Sanya Tian'en Real Estate Co., Ltd, which were partially offset by purchase of property, plant and equipment.

Net cash inflow from financing activities was approximately RMB415.1 million, primarily attributable to the proceeds from placement of new shares and additional bank loans, which were partly offset by the settlement of bank loans and other borrowings and payment of dividends to minority shareholders.

Equity and Non-redeemable Convertible Preference Shares

On 29 December 2013, a very substantial acquisition and connected transaction of the Company and a reverse takeover involving a new listing application was completed. With the issuance of 5,988,199,222 ordinary shares ("Consideration Shares") at an issue price of HK$2.00 and a par value of HK$0.10 to Achieve Bloom Limited ("Achieve Bloom", an immediate holding company of the Company and COFCO Land), and the issuance of 1,095,300,778 shares of the Company's non-redeemable convertible preference shares ("CPS"), the Company acquired the equity of the Target Companies (see note 2 to financial statements) from COFCO Land Limited ("COFCO Land"), together with certain outstanding shareholder's loan of HK$3,329 million (approximately RMB2,618 million) that the Target Companies owed COFCO Land immediately prior to the completion, resulting in the increase of the Company's ordinary share capital of HK$598,820,000 (approximately RMB470,810,000) and the Company's share premium of HK$11,377,578,000 (approximately RMB8,945,394,000).

In accordance with the placing agreement signed on 19 December 2013, 1,955,174,000 ordinary shares ("Sale Shares") were issued at HK$2.00 per share with par value HK$0.10, and all shares were issued and allotted to an independent third party, resulting in the increase of Company's ordinary share capital of HK$195,517,000 (approximately RMB153,721,000) and the Company's share premium of HK$3,714,831,000 (approximately RMB2,920,711,000), (before reduction of share issue expenses of HK$73,870,000 (approximately RMB58,078,000).

The following are the adjustments made following the issue of consideration shares, CPS and placing of shares:

Equity

Issued and fully paid:	No. of shares	Amount (HK$'000)	Amount (RMB'000)
Ordinary shares of par value HK$0.10/share			
At 1 January 2013	535,359,258	53,536	43,410
Allot and issue:			
– Consideration shares	5,988,199,222	598,820	470,810
– Sale shares	1,955,174,000	195,517	153,721
At 31 December 2013	8,478,732,480	847,873	667,941

On 31 December 2013, the Company issued 1,095,300,778 CPS to Achieve Bloom because of the above acquisition. Save for this CPS, there is no other issued convertible securities.

Details of movements in share capital during the year are set out in Note 37 to the consolidated financial statements.

Charges on Assets

As at 31 December 2013, the Group's bank and other borrowings was secured by the pledge over the Group's investment properties of RMB4,065.9 million, fixed assets of RMB2,409.0 million, properties under development for sale of RMB696.9 million and land use rights of RMB262.5 million.

Contingent Liabilities

As at 31 December 2013, details for the Group's contingent liabilities are set out in note 40 to the consolidated financial statements. The Group provides certain pledged bank deposits and guarantees for the customers in relation to the banks providing mortgage loans for the purchases of the Group's properties. Such guarantees will be released when the banks receive the building ownership certificates from the customers as security for the mortgage loans granted. In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Capital Commitments

As at 31 December 2013, the capital expenditures contracted for the Group's acquired property, plant and equipment was approximately RMB423.9 million (as at 31 December 2012: RMB484.7 million). The Company's directors consider that the amount is not material and that the Group has sufficient funds to settle the expenditures.

Interest Rate Risk

The Group was exposed to cash flow interest rate risk in relation to floating rate bank balances, deposits of non-bank financial institutions, floating-rate banks and other borrowings and interest rate swaps (receiving at floating rate and paying at fixed rate) derivative financial instruments. In addition to the interest rate swaps and related hedged borrowings, the major risks faced by the Group are related to bank and other borrowings with floating interest rates based on People's Bank of China benchmark lending rate or other floating rates. The Group's policy is to negotiate the best lending terms so as to balance the interest rate risk.

Currency Risk

Save for some account balances held by the Group which are denominated in foreign currencies and are faced with the risk of exchange rate fluctuations, the receipts and payments for the majority of revenue and expenses (including expenses and capital expenditures arising from property sales) are denominated in Renminbi. The directors of the Company considered that exchange rate fluctuations had no material impact on the Group's results.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. ZHOU Zheng, aged 51, was appointed as an executive Director with effect from 28 August 2012. With effect from 19 December 2013, he was appointed as the Chairman of the Board and chairman of the Nomination Committee and resigned as a member of the Remuneration Committee. He is a director of Achieve Bloom, the controlling shareholder of the Company.

Mr. Zhou is the chairman of COFCO Property (stock code: 000031), a company listed on the Shenzhen Stock Exchange, and a vice president of COFCO Corporation. He was the general manager of COFCO Property from June 2008 to January 2011. Prior to joining COFCO Property, he had held various management positions and directorships with the packaging business of COFCO Corporation. He is a non-executive director of CPMC Holdings Limited (stock code: 00906), a company listed on the Main Board of the Stock Exchange.

Mr. Zhou is a qualified senior engineer in the PRC and has over 20 years of experience in corporate management. Currently, he is a council member of the China Real Estate Association. In February 2007, he was awarded the Governmental Special Allowance by the State Council of the PRC for his outstanding contribution to the development of the packaging industry in the PRC.

Mr. Zhou received a bachelor's degree in Aeronautical Machinery Processing from Nanchang Institute of Aeronautical Technology (now known as Nanchang Hangkong University) in the PRC in July 1983 and a master's degree in Aeronautical and Aerospace Manufacturing Engineering from Beijing University of Aeronautics & Astronautics in the PRC in March 1992.

Mr. HAN Shi, aged 46, was appointed as an executive Director with effect from 28 August 2012. He was appointed as the general manager of the Company with effect from 19 December 2013. He is a director of Achieve Bloom, the controlling shareholder of the Company.

Mr. Han joined COFCO Corporation in August 1990 and has more than 20 years of management experience in project management, project investment and general management. Since 2007, he has been responsible for overseeing the commercial real estate business of the COFCO Group, and the establishment and development of the "Joy City" brand. He has extensive experience in the development, operation and management of mixed-use complexes. He was a director of COFCO Property (stock code: 000031), a company listed on the Shenzhen Stock Exchange, during the period from January 2011 to September 2013 and was responsible for the daily management of COFCO Property and its subsidiaries. He is also a qualified senior economist in the PRC.

Mr. Han received a bachelor's degree in Economics from University of International Business and Economics in the PRC in June 1990, and finished his study for the degree of Executive Master of Business Administration with Cheung Kong Graduate School of Business in the PRC in October 2012.

NON-EXECUTIVE DIRECTORS

Mr. SHI Zhuowei, aged 62, was appointed as a non-executive Director with effect from 28 August 2012.

Mr. Shi joined COFCO Corporation in July 1993 and was the chairman of COFCO Land from July 2011 to May 2013. He has extensive management experience in project management, project investment, human resources development and general management.

Mr. Shi graduated from University of International Business and Economics in the PRC, with a graduate level diploma in Business Administration in July 2001.

Mr. MA Jianping, aged 50, was appointed as an executive Director with effect from 28 August 2012. He was re-designated as a non-executive Director and resigned as the chairman of the Board and the chairman of the Nomination Committee, and was appointed as a member of the Remuneration Committee with effect from 19 December 2013. He is a director of Achieve Bloom, the controlling shareholder of the Company.

Mr. Ma joined COFCO Corporation in August 1986. He has been a vice president of COFCO Corporation since May 2010 and has been the director of the strategy department of COFCO Corporation since January 2006. He is also a director of COFCO Property (stock code: 000031), a company listed on the Shenzhen Stock Exchange, and a non-executive director of each of China Foods Limited (stock code: 00506) and China Mengniu Dairy Company Limited (stock code: 02319), which are both listed on the Main Board of the Stock Exchange. He is also the chairman of the board of directors of COFCO Meat Investment Company Limited. He has extensive experience in corporate finance, investment, strategic planning and management and has worked in Japan for over five years and in Hong Kong for over four years.

Mr. Ma received a degree of Executive Master of Business Administration from University of International Business and Economics in the PRC in December 2005.

Mr. MA Wangjun, aged 49, was appointed as a non-executive Director and a member of the Audit Committee with effect from 28 August 2012. He is a director of Achieve Bloom, the controlling shareholder of the Company.

Mr. Ma joined COFCO Corporation in August 1988 and is currently the chief accountant of COFCO Corporation. He is a qualified senior accountant in the PRC and has extensive experience in corporate finance and asset management. He is a non-executive director of China Agri-Industries Holdings Limited (stock code: 00606), a company listed on the Main Board of the Stock Exchange and was a non-executive director of China Mengniu Dairy Company Limited (stock code: 02319), a company listed on the Main Board of the Stock Exchange, from March 2010 to April 2012.

Mr. Ma received a bachelor's degree in Economics from Beijing Technology and Business University in the PRC in July 1986 and an Executive Master of Business Administration from Cheung Kong Graduate School of Business in the PRC in September 2007.

Ms. JIANG Hua, aged 59, was appointed as a non-executive Director with effect from 27 March 2013.

Ms. Jiang joined COFCO Corporation in September 2004 and was a director of COFCO Corporation during the period from September 2004 to December 2012, and was re-appointed as a director of COFCO Corporation since December 2013. She is a member of the Chinese Communist Party Committee of COFCO Corporation. Ms. Jiang acted as the deputy general manager of China National Tourism Trading & Service Company Limited from August 1998 to March 2002 and the vice president of China National Native Produce & Animal By-Products Import & Export Corporation from March 2002 to August 2004. She had previously served in several government departments in the PRC, including as the chief of Harbin Real Estate Administration Bureau from June 1987 to April 1990, the assistant to the mayor of Harbin Municipal government from March 1995 to August 1996 and the head of the Department of International Liaison of National Tourism Administration from August 1996 to August 1998. She has extensive experience in corporate management, administrative management and government relations.

Ms. Jiang graduated from the Harbin Institute of Technology in the PRC, with a master's degree in Engineering in March 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, aged 66, was appointed as an independent non-executive Director with effect from 2 August 1995. He is currently the chairman of each of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee.

The table below sets out Mr. Lau's directorships in a number of companies listed on the Main Board of the Stock Exchange:

Names of the listed companies	Stock code	Position
Franshion Properties (China) Limited	00817	independent non-executive director
Glorious Sun Enterprises Limited	00393	independent non-executive director
Yuexiu Transport Infrastructure Limited	01052	independent non-executive director
Yuexiu Property Company Limited	00123	independent non-executive director
Wing Hang Bank, Limited	00302	independent non-executive director
Brightoil Petroleum (Holdings) Limited	00933	independent non-executive director
The People's Insurance Company (Group) of China Limited	01339	independent non-executive director
Qin Jia Yuan Media Services Company Limited	02366	former independent non-executive director from December 2003 to 8 August 2012

Mr. Lau is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment and Finance Limited, Wydoff Limited and Wytex Limited. He served as the chairman of the Central and Western District Board from 1988 to 1994, the president of the Law Society of Hong Kong from 1992 to 1993, a member of the Bilingual Laws Advisory Committee from 1988 to 1997 and a member of the Legislative Council of Hong Kong from 1995 to 2004 (from 1997 to 1998, he was a member of the Provisional Legislative Council).

Mr. Lau graduated from the University of London in July 1969 with a Bachelor of Laws Degree. He is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. He is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference.

Mr. LAM Kin Ming, Lawrence, aged 58, was appointed as an independent non-executive Director with effect from 21 September 2004. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Lam is the senior vice president of the Enterprise Solutions Commercial Group of HKT Trust and HKT Limited (stock code: 06823), a company listed on the Main Board of the Stock Exchange and a member of the PCCW group.

Mr. Lam graduated from the University of Toronto with a bachelor's degree in Commerce in September 1978.

Mr. WU Kwok Cheung, *MH*, aged 81, was appointed as an independent non-executive Director with effect from 28 August 2006 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Wu served as a member of the Governance Committee of United Christian Hospital from April 2004 to March 2013. He has over 30 years of experience in management and administration.

SENIOR MANAGEMENT

Mr. YAO Changlin, aged 46, was appointed as a deputy general manager of the Company with effect from 19 December 2013.

Mr. Yao joined COFCO Corporation in February 2002. Prior to that, Mr. Yao worked in the accounting department of China Feed Group (**中國飼料集團**) during the period from March 1993 to December 1995 and the finance department of China Grain Trading Company (中國糧貿公司) from December 1995 to February 2002. Mr. Yao has more than 20 years of experience in finance, property development, hotel development and management.

Mr. Yao received a bachelor's degree in Economics from Anhui University of Finance and Economics in the PRC in July 1989 and finished his study for the degree of Executive Master of Business Administration from Cheung Kong Graduate School of Business in the PRC in October 2012.

Mr. XU Guorong, aged 47, was appointed as a deputy general manager of the Company with effect from 19 December 2013.

Mr. Xu joined COFCO Corporation in 1988 and has more than 20 years of experience in corporate management. Mr. Xu received a bachelor's degree in Economics from the University of International Business and Economics in the PRC in June 1988.

Mr. YU Fuping, aged 54, was appointed as a deputy general manager of the Company with effect from 19 December 2013.

Mr. Yu joined COFCO Corporation in July 1980 and has more than 30 years of experience in financial management, import and export trading, property development and management. From July 2007 to July 2009, he was also the vice mayor of Bengbu city and a member of the Bengbu Committee, Anhui Province.

Mr. Yu obtained a master's degree in Economics from Zhongnan University of Economics and Law in the PRC in June 1999.

Ms. XU Hanping, aged 47, was appointed as the chief financial officer of the Company with effect from 19 December 2013.

Ms. Xu joined COFCO Corporation in August 1988 and has more than 20 years of experience in financial management and accounting. Ms. Xu served as a deputy general manager in the finance and capital management department of COFCO Corporation from February 2007 to December 2010 and the general manager of the finance department of the real estate hotel business division of COFCO Corporation from December 2010 to January 2012.

Ms. Xu received a bachelor's degree in Accounting from Xiamen University in the PRC in July 1988 and a master's degree in Business Administration from Murdoch University in Australia in February 2002. Ms. Xu became a Certified Public Accountant in the PRC in March 2006.

Corporate Social Responsibility Report

The Company has inherited COFCO Group's core philosophy of "Going Back to Nature and Renew Ourselves". We are very enthusiastic in public welfare activities. We advocate the values of green ecological constructions, actively explore sustainable mode of development, systematically establish a series of staff development and management programs, and undertake corporate social responsibility commitments with concrete actions.

A visit was made to the left-behind children at Haiyuan County of Ningxia

I. PUBLIC WELFARE

"Charity and Public Welfare" are themes that go along with the Company's day-to-day operations, and deeply felt by each of our staff members with every beat of their hearts. We are concerned about the growth and education of the next generation. We care for the underprivileged groups in the society. We are concerned about the disaster-stricken victims in the country and we care for all the people and situations that are in need of help. With our true hearts and real actions, we will join hands to build a "Great Wall of Love".

Self-owned Properties

Yalong Development Company Limited at Hainan established the "Top Students Scholarship" to help 15 poor students at Liupan Village, Yalong Bay with scholarships of RMB3,000 for each student. In recent years, the issue of left-behind children is a significant social problem that needs to be tackled urgently. The Company has a long history in the caring and concern for the development of the left-behind children, and has been regularly organizing staff members to visit the left-behind children at Haiyuan County of Ningxia, China, by bringing them school supplies donated by the team. The event "2014 Love Makes the World Better Charity Dinner" initiated by Hong Foundation and jointly organized by the Company was successfully concluded in Beijing, with participants of caring enterprises and celebrities of over 200 people.

"I Can Pay" Art Festival at Xidan Joy City

Staff members of Yantai Joy City passed out caring cards for Luan Wenfei, a young girl suffering from leukemia

"I Want to Go to School", a caring roadshow event at Beijing Station

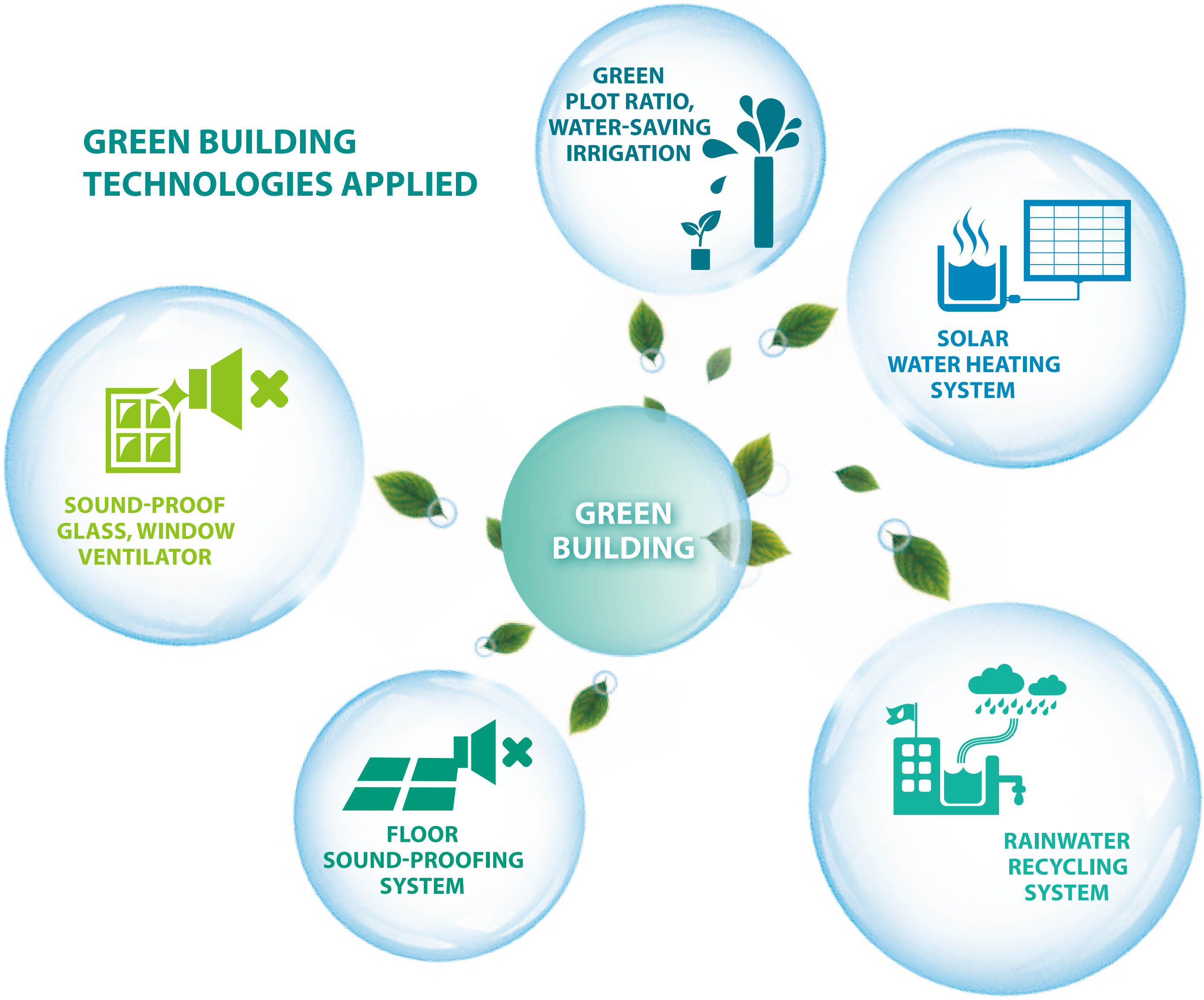
The "Flash Man" event at Xidan Joy City

Entrusted Properties

In 2013, public welfare events were often held in the 5 managed properties Xidan Joy City, Chaoyang Joy City, Tianjin Joy city, Shanghai Joy city and Yantai Joy City (under construction). On 26 August, "I Can Pay" Art Festival was kicked off at Xidan Joy City. Autistic children were invited to paint on-the-spot and their works were offered for auction, with the proceeds all donated to charitable organizations. Xidan Joy City organized the "Flash Man" event in which volunteers had their heads shaved to express their sympathy for leukemia patients with fallen hair due to chemotherapy. After the earthquake in Ya'an, Sichuan, Chaoyang Joy City initiated the "Collect Points and Show Big Love" event in which a proposal was made. For every 30 points donated by a member, Chaoyang Joy City would donate RMB1. Within 5 days, 140,460 membership points were collected, which was equivalent to RMB4,682. With the RMB50,000 contributed by the staff members of Chaoyang Joy City, a total of RMB54,682 was collected. Chaoyang Joy City and Music Radio, a program of China National Radio jointly organized the activity "I Want to Go to School", which was a large-scale caring roadshow event to collect donations at Beijing Station which was attended by over 3,000 fans. Through auctioning of celebrities' private possessions, over RMB100,000 was raised for student grants.

In 2014, the Company will continue to be involved in charity work, giving out love and care to the needy. We will establish a volunteer system that is more robust, call for and encourage more staff members to participate in public welfare activities to contribute their parts in building a harmonious and happy society.

GREEN BUILDING TECHNOLOGIES APPLIED



II. GREEN STRATEGY

Advocating green construction is an important task for the Group so as to enhance our brands' marketability. The relevant indicators have already been included into the performance assessments of all subsidiaries. The continuous study and practical use of such indicators on single projects were also initiated in all subsidiaries.

With respect to the projects of the Joy City brand, the energy conservation improvements in Chaoyang Joy City has been in progress, and substantial achievements were made with annual energy savings of about 20%. Chengdu Joy City has introduced energy efficiency consultants at the design stage of the project, with an initial investment of about RMB12 million to bring about a number of energy saving improvements

The Group has been actively responding to China's energy conservation and emission reduction policies, as exemplified by its actions in promoting the formulation and development of construction industry value chain, establishing and improving technological innovation mechanism, advocating the application of new technologies, new processes and new materials that are advanced and mature. In the course of construction projects, the Group has strictly adhered to the standards of the PRC government, paid great efforts in project planning and innovative architectural designs, and carried out construction works that were green and environmental friendly. We were able to achieve excellent economic efficiency and reputation in this regard.

Green energy-saving design is used in Chaoyang Joy City

For the new projects, we are pushing forward to obtain reputable certification of green building construction locally or nationwide. In the area of "Three New" technologies, we have vigorously promoted the application of high-tensile steel reinforcement bars, water conservation system for landscaping irrigation, permeable paving techniques, rain water collection, waste water reuse, energy-efficient electrical appliances and solar water heating system.

To promote and strengthen the ideas, the Group has also set up a Green Building Promotion Team, formulated the release of the guidelines "Guide to Material Saving Techniques and Measures" and "External Wall Insulation Techniques and Measures Guideline", and published internal newsletters to promote the ideas of energy conservation, emission reduction as well as the application of the "Three New" technologies in the industry and internally. We also promoted cost control through project design, and cooperation with external advisory bodies on design optimization, with a view to push forward energy conservation improvements of existing projects and to establish an energy management system.

In 2014, the Group will keep on focusing on the continuous implementation and development of green building construction, refining performance indicators, and releasing more guidelines to the subsidiaries. In respect to the projects of Joy City series, energy management system will be used as a starting point, so as to provide actual data as evidence in the course of energy conservation. More attention will be paid to the energy-saving designs of the new Joy City projects and to the application of energy-saving establishments in the current Joy City operations. The objective is to make Joy City a multi-use complex with low running costs but comfortable interior environment, such that we can lead a trend of the time in green building construction.

Golden Seeds Program –
development and training

Golden Seeds Program –
opening ceremony

III. EMPLOYEE DEVELOPMENT

1. Employee Development

As of 31 December 2013, the Group was hiring 5,606 employees. The Group places a lot of emphasis on the "Selection, Utilization, Development and Retainment" of talents, and believes that the Group's development should be built upon the foundation of talented people. By creating dynamic competitiveness in the organization, building teams that are constantly innovative and eager to learn, and establishing key personnel of consistently high-efficiency and high-quality, the Group will be able to push forward the implement of its strategies and the develop of its businesses. We have established a comprehensive system of dual career development paths for the employees with the mechanism of two-way flow between the management path and professional path, so as to achieve an optimized relationship between staff expertise and business needs and at the same time provide a clear definition of each employee's development path for the rapid growth and promotion of employees. The Group will continue to promote internal recruitment, and to explore the plan of "Team Members Swapping" so as to enhance the flow of talents and staff deployment.

Staff development will be strengthened. Through internal, external and professional qualification trainings, the Group will help the employees in terms of capability enhancement and career development. Through specific training programs such as Core Team Training, Golden Helmsman, Golden Seeds, Future Stars Training Camp and so on, the Group provides employees with development opportunities for their growth in career. Core Team Training is conducted in form of "Meetings Instead of Classes", in which participants learn by benchmark management. It is designed for the Group's core management team to enhance their leadership as well as professional capabilities. The training theme for each session is designed around practical issues of business development. Through team discussions, effective solutions are formulated for business development. Golden Helmsman is a crucial talent development solution for the Group's managers with the characteristics of the real estate industry. It is developed by combining diagnostic evaluation and benchmark studies, formulated according to the business development requirements of the Company as well as the development requirements of the participants. The participants learn through structured system management and life cycle of real estate value chain, combined with mentoring, action learning, job rotation and other methods to enhance the overall abilities of the participants, with an aim to develop leaders for the Group and for the urban complexes in the future. Golden Seeds program is an accelerated training program in which

Future Stars Training Camp – intensive classes

Future Stars Training Camp – team learning sessions by business nature

participants learn through intensive classes, project visits, action learning and mentoring, with a view to strengthen the establishment of a reserve force for the continuous supply of outstanding young managers for the Group. Future Stars Training Camp is a tracking development program set up for the new graduates recruited from universities. Through the 1+1+1 mode of development, i.e. "1 Week of Intensive Training, 1 Quarter of Career Transformation and 1 Year of Business Improvement", the development process of the new recruits is constantly monitored to ensure that there is a smooth transition for every new member from campus to professional position.

In addition, the Company also provides special training allowances (subject to approval) to encourage employees to participate in professional qualification trainings that are beneficial to their personal growth and consistent with the Company's development needs. This is to create a win-win situation in which employees' self-learning and self-enrichment are fully supported.

2. Employees and Remuneration Policies

In order to attract and retain professionals, the Group provides competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance, enterprise annuity, etc. On the basis of fixed salary and annual performance bonus, the Group will further enhance the assessment and incentive mechanism by offering a variety of incentives so that the interests of the employees will become more in line with those of the Group.

3. Retirement Plans

In the PRC, the Group pays a monthly pension insurance based on a percentage of the employee's social security base in accordance with the laws and regulations in the PRC. When an employee reaches the statutory retirement age, he/she can collect a basic pension from social security department and enjoy the benefit of basic pension insurance for the protection of basic livelihood after retirement. In order to better protect the employees' living standard after retirement. To further motivate the employees and to enhance the Group's cohesiveness and competitiveness, the Company has also established a multi-level pension insurance structure on which the Group introduces an "Enterprise Annuity" supplementary pension plan to the eligible subsidiaries.

The head of the Safety Committee carrying out safety inspection at Chengdu Joy City's construction site

The head of the Safety Committee carrying out fire-fighting system inspection at COFCO Plaza

Responsibility Letter on Safety and Environmental Protection was signed

The inspection team carrying out inspection at W Beijing – Chang'an hotel's construction site

IV. SAFETY AND ENVIRONMENTAL PROTECTION

The Group strictly abides by the relevant laws and regulations of the PRC government, as well as the Company's safety and environmental management. The Company adheres to the people-oriented belief that "quality and safety are indispensable", and actively undertakes its corporate social responsibilities by the guiding principle of integrating safety and environmental management into every aspect of business operation. And by establishing and constantly improving the long-term safety and environmental protection mechanism, and pushing forward the safety and environmental protection work, the Group will be able to protect the sound and safe development of the Group's businesses.

1. Improve Safety Management System and Establish Grid Safety Responsibility Structure

The Company established safety and environmental protection risk control and monitoring system for the complete industry chain, reviewed key control points of safety, integrated safety management and control into business processes, and achieved organic synthesis between safety and business. Job safety risks were fully integrated to form an all-encompassing grid of safety responsibility structure. The responsibilities of job position were strengthened to ensure that safety responsibilities were decomposed into layers, such that a solid foundation could be laid for the effective implementation of work safety.

2. Conduct In-depth Safety and Environmental Protection Inspection, Strengthen Risk Management

The Group adheres to the idea of treating both the symptom and the disease and vigorously identifies and mitigates risks at the spot. Through the establishment of constant safety and environmental protection inspection mechanism that commanded the full coverage of inspections, risks were identified and mitigated timely, and happening of incidents were prevented.

3. Optimize Contingency Plans and Conduct Emergency Drills

Combined with the actual characteristic on safety management of assembly occupancies of projects, scientific systems of contingency plans were established with focus on on-site management of various emergency drills, with an aim to improve the emergency response capabilities of the bottom layer of employees.

4. Conduct Safety Education and Training, Increase Overall Safety Awareness

By adhering to the idea that "life and safety responsibilities are most important", the safety awareness and safety operation techniques of all types of personnel are enhanced through education and trainings at all levels. A good safety culture which provides the basis for the implementation of safety management requirements was introduced.

Through the joint efforts of all staff, the Group achieved the objective of "Zero Accident" in 2013.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board considers that during the year ended 31 December 2013, the Company had complied with all code provisions as set out in the CG Code, with the exception of the Code Provision A.2.1.

A.2.1 of the CG Code stipulates that the roles of chairman and chief executive shall be separate and shall not be performed by the same individual. For the year ended 31 December 2013, Mr. MA Jianping (from 1 January 2013 to 19 December 2013) and Mr. ZHOU Zheng (since 19 December 2013) were appointed as the chairman of the Board. From 1 January 2013 to 18 December 2013, no chief executive officer nor general manager was appointed by the Company and Mr. MA Jianping (prior to his re-designation as a non-executive Director on 19 December 2013), Mr. ZHOU Zheng and Mr. HAN Shi (both of them are executive Directors) have been authorized to manage the day-to-day business of the Company. They shared the responsibilities in managing the day-to-day business of the Company. In addition, there are Independent Non-executive Directors and Non-executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there has been adequate balance of power and safeguards in place to avoid concentration of power in any one individual.

With effect from 19 December 2013, Mr. HAN Shi was appointed as the general manager of the Company. Since then, the chairman of the Board and the general manager of the Company have had their respective roles and duties.

Save as disclosed above, the corporate governance practices adopted by the Company during the period under review followed the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. After specific enquiry by the Company, all Directors (including the Director whose appointment took effect during the year ended 31 December 2013) confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

The Company has also adopted a code for securities transactions by relevant employees (the "Employees Trading Code") based on the Model Code concerning dealings by relevant employees in the securities of the Company. Relevant employees who are likely to be in possession of unpublished inside information of the Group are required to comply with the Employees Trading Code in respect of their dealings in the securities of the Company. The terms of the Employees Trading Code are no less exacting than the required standards set out in the Model Code.

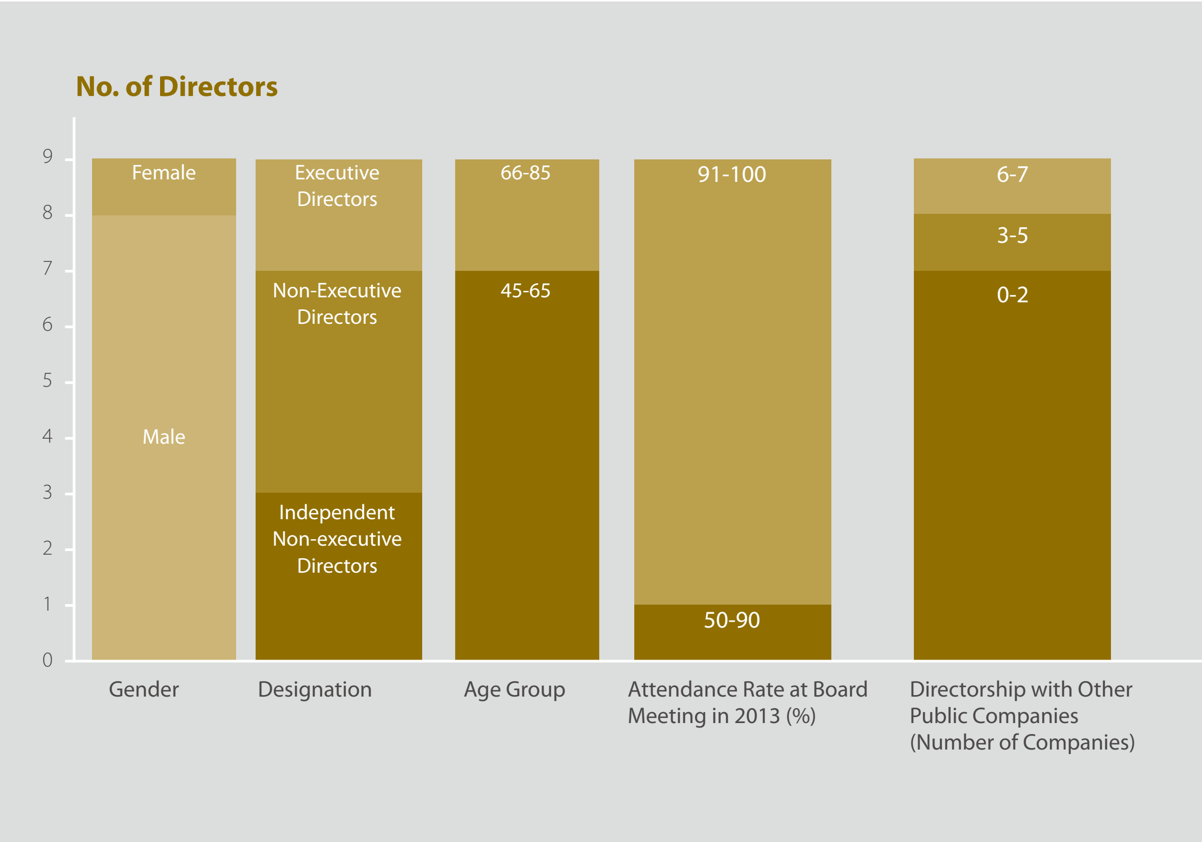
BOARD OF DIRECTORS

Chairman and Chief Executive

With effect from 19 December 2013, Mr. ZHOU Zheng was appointed as the chairman of the Board and Mr. HAN Shi was appointed as the general manager of the Company. Their respective roles and responsibilities are separate and clearly divided. As the chairman of the Board, Mr. ZHOU Zheng takes lead in formulating overall strategies and policies of the Company, and ensures effective performance by the Board of its functions, including compliance with good corporate governance practices. As the general manager of the Company, Mr. HAN Shi oversees the financial management and daily operations of the Group.

BOARD COMPOSITION AND DIVERSITY

At the date of this Corporate Governance Report, the Board, chaired by Mr. ZHOU Zheng, comprises two (2) executive Directors, four (4) non-executive Directors and three (3) independent non-executive Directors. The three (3) independent non-executive Directors are Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, *MH*.



The composition of the Board satisfies the requirements of Rule 3.10(1) (every board of directors of a listed issuer must include at least three (3) independent non-executive directors) and Rule 3.10 (2) (at least one (1) independent non-executive director must have appropriate qualifications), and Rule 3.10A (independent non-executive directors representing at least one-third of the board of directors) of the Listing Rules.

None of the Directors are involved in any relationship as defined in Appendix 16 to the Listing Rules.

As part of high standards of corporate governance and to apply the new Code Provision on board diversity, the Board adopted a Board Diversity Policy which has become effective since August 2013. Under the Board Diversity Policy, selection of candidates for Board appointment is made in accordance with gender, age, cultural and educational background, work or professional experience, the Group's specific needs from time to time and other objective criteria considered by the Board. Board appointments will be based on merit and the contribution that the chosen candidate(s) will bring to the Board.

Appointment, Re-Election and Removal

The term of office of each non-executive Director is three (3) years, subject to retirement by rotation in accordance with Bye-law 84.

The Company has received annual written confirmation of independence from each independent non-executive Director for the year ended 31 December 2013, and, as agreed by the Nomination Committee, the Board considers each of them to be independent.

All current Directors have signed formal appointment letters/service contracts with the Company with respect to their directorship with the Company.

Roles And Responsibilities of Directors

The Board is responsible for overseeing the Group's business and affairs with the objective of enhancing Shareholders' value, setting and approving the Group's strategic direction, and reviewing and planning all other important matters for the Company, examples of which are highlighted as follows:

- to review the effectiveness and adequacy of the Company's internal control and risk management system, in light of the scale and strategy of the Company's business;
- to review material contracts;
- to review the Group's dividend policy, significant changes in accounting policy, major financing arrangements and other related finance matters; and
- to approve all announcements and circulars issued by the Company in accordance with the Listing Rules.

As regards the corporate governance functions, the duties of the Board are to develop and review the Company's corporate governance policies and practices, to monitor continuous professional development of the Directors and senior management, to oversee the Company's policy and practice on legal and regulatory compliance, to develop the Directors' manual and update the same if necessary, and to review the Company's compliance with Appendix 14 to the Listing Rules and disclosure in this Corporate Governance Report.

The Board is also responsible for preparing the consolidated financial statements of the Group for the year ended 31 December 2013. The consolidated financial statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year ended 31 December 2013.

Regarding Code Provision 6.6 (directors shall disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identities and the time involved), the Board has resolved that each Director is required to disclose such information to the Company twice per year. Each Director has disclosed to the Company such information and commitments in accordance with Code Provision 6.6 twice per year.

Board Proceedings

The attendance record of each Director during the year ended 31 December 2013 is set out below. In the following table, the figures in brackets means the total number of meetings held during each Director's tenure throughout the year ended 31 December 2013:

Meetings held in the Year Ended 31 December 2013

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting (Note 1)	Special General Meetings (Note 2)
Number of Meetings	4	3	2	3	1	2
Directors						
Executive Directors						
Mr. ZHOU Zheng (chairman)	4/(4)		2/(2)		0/(1)	2/(2)
Mr. HAN Shi	4/(4)				1/(1)	2/(2)
Non-executive Directors						
Mr. SHI Zhuowei	2/(4)				0/(1)	0/(2)
Mr. MA Jianping	4/(4)			3/(3)	1/(1)	2/(2)
Mr. MA Wangjun	4/(4)	2/(3)			0/(1)	0/(2)
Ms. JIANG Hua	4/(4)				0/(1)	0/(2)
Independent Non-executive Directors						
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	4/(4)	3/(3)	2/(2)	3/(3)	1/(1)	2/(2)
Mr. LAM Kin Ming, Lawrence	4/(4)	3/(3)	2/(2)	3/(3)	1/(1)	2/(2)
Mr. WU Kwok Cheung, *MH*	4/(4)	3/(3)	2/(2)	3/(3)	1/(1)	2/(2)

Note:

1. The annual general meeting of the Company was held on 5 June 2013, and more details are set out in the Circular dated 29 April 2013 and the poll results announcement dated 5 June 2013.

2. Two special general meetings were both held on 18 December 2013, and more details are set out in the Circular dated 25 November 2013, the Circular dated 30 November 2013 and the poll results announcement dated 18 December 2013.

Directors' Training

During the year ended 31 December 2013, the Company arranged for external legal advisors to provide the Directors with various seminars on the Listing Rules and the SFO (topics included the new Part XIVA of the SFO, the new Code Provision on Board Diversity and the continuing obligations of directors with companies listed in Hong Kong) and for the Independent Commission Against Corruption of Hong Kong to provide the Directors with briefing on Hong Kong anti-corruption & anti-bribery practices, and discuss case study. Each Director attending such seminars and training received detailed guidelines explaining the relevant obligations, rules and practices. Such training aims to help each Director keep abreast of the latest amendments to the Listing Rules and the SFO. In addition, individual Directors attended other programmes to refresh their knowledge and skills relevant to their roles, functions and duties as Directors. All Directors have provided the Company with records on their participation in continuous professional development during their directorship with the Company throughout the year ended 31 December 2013. Such information is summarized in the following table:

Responsibilities of Directors and Training

Names of Directors	Attending briefings, seminars or conference	Reading materials relevant to each director's duties and responsibilities
Executive Directors		
Mr. ZHOU Zheng *(chairman)*	✓	✓
Mr. HAN Shi	✓	✓
Non-executive Directors		
Mr. SHI Zhuowei	✓	✓
Mr. MA Jianping	✓	✓
Mr. MA Wangjun	✓	✓
Ms. JIANG Hua	✓	✓
Independent Non-executive Directors		
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	✓	✓
Mr. LAM Kin Ming, Lawrence	✓	✓
Mr. WU Kwok Cheung, *MH*	✓	✓

Each newly appointed Director receives induction. Also, each current Director has received a Director's handbook which sets out, among other items, the Directors' duties and the Terms of References of the Board committees. Director's handbook is updated from time to time to align with the amendments (if any) to the relevant rules and regulations.

Board Committees

The Remuneration Committee, Nomination Committee and Audit Committee established by the Board continued to perform their roles and functions pursuant to their respective terms of references during the year ended 31 December 2013.

Remuneration Committee

With effect from 19 December 2013, Mr. ZHOU Zheng resigned as a member of the Remuneration Committee and Mr. MA Jianping was appointed as a member of the Remuneration Committee. Currently, the Remuneration Committee comprises one (1) non-executive Director and three (3) independent non-executive Directors, chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*.

The Board has adopted the model, pursuant to which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management (if any).

The major roles and functions of the Remuneration Committee are as follows:

- to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management (if any);
- to make recommendations to the Board on the remuneration packages (including benefits in kind, pension rights and compensation payments) of individual executive Directors and senior management (if any);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve compensation payable to executive Directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The updated Terms of Reference of the Remuneration Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cofcolandholdings.com).

During the year ended 31 December 2013, the Remuneration Committee held two (2) meetings. Its major work performed is summarized as follows:

- made recommendations to the Board on the remuneration of newly appointed/re-designated non-executive Directors (whose director's remuneration is nil) and the terms of their respective letters of appointment; and
- reviewed the remuneration policy of the Company; and
- reviewed the remuneration packages of executive Directors, non-executive Directors and the independent non-executive Directors before the completion of the Acquisition.

The Remuneration Committee's recommendations made after such review were adopted by the Board.

The attendance record of each Remuneration Committee's member is shown under the section "Board Proceedings".

Nomination Committee

With effect from 19 December 2013, Mr. MA Jianping resigned as the chairman/member of the Nomination Committee and Mr. ZHOU Zheng was appointed as the chairman/member of the Nomination Committee. Currently, the Nomination Committee comprises one (1) executive Director and three (3) independent non-executive Directors, chaired by Mr. ZHOU Zheng.

The major roles and functions of the Nomination Committee are as follows:

- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;
- to review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to assess the independence of independent non-executive Directors and review the independent non-executive Directors' annual confirmations on their independence;
- to regularly review the time required from a Director to perform his/her responsibilities; and
- to give adequate consideration to the Board Diversity Policy in carrying out its responsibilities under its Terms of Reference.

The updated Terms of Reference of the Nomination Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cofcolandholdings.com).

During the year ended 31 December 2013, the Nomination Committee held three (3) meetings. Its major work performed is summarized as follows:

- reviewed the structure, size and composition of the Board;
- made recommendation to the Board on changes in the Board, the Nomination Committee and Remuneration Committee;
- made recommendation to the Board on the appointment of general manager and other senior management;
- assessed the independence of independent non-executive Directors;
- reviewed the contribution required from the Directors to perform their responsibilities and whether they have spent sufficient time performing them.

The attendance record of each Nomination Committee's member is shown under the section "Board Proceedings".

Audit Committee

Currently, the Audit Committee comprises one (1) non-executive Director and three (3) independent non-executive Directors, chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*.

The major roles and functions of the Audit Committee are as follows:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor, and any questions of their resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to monitor the integrity of the Group's interim and annual financial statements, and to review significant financial reporting judgments contained in them;
- to review the Group's financial controls, internal controls and risk management systems;
- to consider any findings of major investigations on internal control matters and management's response;
- to review the Group's financial and accounting policies and practices;
- to review the external auditor's management letter and ensure that the Board will provide a timely response; and
- to act as the key representative body for overseeing the Company's relations with the external auditor.

The updated Terms of Reference of the Audit Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cofcolandholdings.com).

The Audit Committee held three (3) meetings during the year ended 31 December 2013, including two (2) meetings with the external auditor. Its major work performed included:

- reviewed the Group's consolidated financial statements for the year ended 31 December 2012, with a recommendation to the Board for approval;
- reviewed the Group's interim financial statements for the six months ended 30 June 2013, with a recommendation to the Board for approval;
- reviewed matters relating to the Group's financial and accounting policies and practices;
- reviewed the effectiveness of the Company's internal control and risk management systems, and considered whether any major control deficiency had been identified;
- reviewed and assessed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes;
- formulated the whistle-blowing arrangement of the Group, with a recommendation to the Board for approval;
- reviewed the external auditor's independence;
- made recommendation to the Board on the re-appointment of the existing external auditor of the Company; and
- reviewed the external auditor's audit plan for the year ended 31 December 2013;

The attendance record of each Audit Committee's member is shown under the section "Board Proceedings".

Company Secretary

All Directors may seek the advice and assistance of the company secretary in respect to their duties and the effective operation of the Board and the Board committees. The company secretary is also responsible for facilitating good information flow among the Directors.

During the year ended 31 December 2013, the company secretary undertook over fifteen (15) hours of professional training to update his skills and knowledge.

AUDITOR'S REMUNERATION

During the year ended 31 December 2013, the remuneration paid or to be payable to the external auditor Deloitte Touche Tohmatsu was:

Services rendered	Fees paid/payables RMB'000
Audit services	2,050
Non-audit services	
– very substantial acquisition	
(a) reporting accountant	1,950
(b) comfort letter issued by 144A	1,200
– assist to prepare Hong Kong tax reporting	39
– internal control service (PN21 report)	430
Total	5,669

ACCOUNTABILITY AND AUDIT

Financial Reporting

Management provides, on a monthly basis, each Director a monthly financial reporting update, which provides each Director with a balanced and understandable assessment of the Group's performance, financial position and prospects. With such update, the Board as a whole and each Director are facilitated to discharge their duties under the Listing Rules

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year under review. The Directors consider that the financial statements have been prepared in conformity with the generally accepted accounting principles in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. After appropriate enquires, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

Deloitte Touche Tohmatsu, the auditors of the Company, acknowledged their reporting responsibilities in the independent Auditors' Report on the audited financial statements for the year ended 31 December 2013.

Assessment of Internal Control System

The Board has the overall responsibility for overseeing the implementation and the maintenance of effective internal controls of the Company, to adequately safeguard assets and shareholders' equity of the Company. The Directors confirm that the Company, through its senior management, internal control departments and the monitoring team, exercises full control over the Company's office programs, management and systems, and ensures the compliance with relevant regulations. Monitoring measures cover all material aspects, including: compliance function, monitoring environment, risk assessment, information and communication, anti-fraud management programs, financial reporting and disclosure, sales management, fixed asset management, human resources, procurement, cash management, budget management, investment management, tax administration, contracts and legal management and information technology systems.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a Special General Meeting ("SGM")

Pursuant to Bye-law 58 and section 74 of the Companies Act 1981 of Bermuda, Shareholders holding at the date of deposit of the requisition not less than one-tenth (10%) of the total voting rights of the Company are entitled, by written requisition to the Board or the Company secretary, to request the Board to call a SGM (the "SGM Requisitionists"). Such written requisition must state the purposes of the proposed SGM, and must be signed by the SGM Requisitionists and deposited at the registered office of the Company. It may consist of several documents in like form, each signed by one or more SGM Requisitionists.

If the Board does not within twenty-one (21) days from the date of the deposit of the requisition proceed duly to convene a SGM, the SGM Requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM provided that it is held within three (3) months from the date of deposit of the requisition. The SGM Requisitionists shall convene such SGM in the same manner, as nearly as possible, as that in which SGMs are to be convened by the Board, pursuant to section 74(4) of the Companies Act 1981 of Bermuda.

Putting Forward a Proposal by Shareholder(s) at General Meetings

(a) A Shareholder or Shareholders holding not less than 5% of the total voting rights of the Company on the date of the requisition or (b) not less than one hundred (100) Shareholders acting together, may submit a written request putting forward a proposal (which may properly be put to a general meeting) for consideration at a general meeting. Such written request must be signed by the requisitionists, and may consist of several documents in like form, each signed by one or more of the requisitionists. After that, it must be deposited at the registered office of the Company, together with a sum reasonably sufficient to meet the Company's expenses in giving effect thereto, not less than six (6) weeks before the general meeting (in case of a requisition requiring notice of a resolution) or not less than one (1) week before the general meeting (in case of any other requisition). If such written request is confirmed to be proper and in order, necessary arrangement will be made to put such written request to the general meeting.

Procedures for Nomination and Election of Director by Shareholders

Pursuant to Bye-law 85, if a Shareholder wishes to propose a person other than a retiring Director (the "Candidate") for election as a Director at a general meeting, such Shareholder is required to lodge the following documents (which shall be addressed to the Company secretary) at the head office (33/F., Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong) or the Registration Office (Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) within the Notice Period:

(a) a written notice signed by a Shareholder duly qualified to attend and vote at a general meeting, stating the intention to propose the Candidate for election; and

(b) a written notice signed by the Candidate of his/her willingness to be elected, which includes the information of the Candidate as required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and the Candidate's consent to the publication of such information (collectively referred to as the "Notices for Director's Election").

"Notice Period" means at least seven (7) days prior to the date of such general meeting appointed for considering such election of Director. However, if the Notices for Director's Election are submitted after the dispatch of the notice of such general meeting appointed for considering such election of Director, then the Notice Period shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Change(s) in the Company's constitutional documents

There was no change to the Company's Memorandum of Association and Bye-laws during the year ended 31 December 2013.

Communications With Shareholders and the Investment Community

The Board recognizes the importance of balanced, clear and timely communications with Shareholders and other interested parties to enable them to keep abreast of the Group's business affairs and development. The Board has taken various steps to maintain on-going and regular dialogues with Shareholders and the investment community at large, including:

- convening annual general meetings and other general meetings in which members of the Board and the external auditor will attend to answer questions raised by the Shareholders;

- posting on the Company's website the information released by the Company to the Stock Exchange; such information includes financial statements including interim and annual reports, announcements, circulars and notices of general meetings and associated explanatory documents (if any);

- the Company's website containing the designated email address and contact details to enable Shareholders and the investment community to make enquiry in respect of the Company;

- formulating a shareholders' communication policy to ensure that Shareholders are provided with ready and timely access to accurate and comprehensible information about the Group and its development, and if necessary, reviewing such policy to ensure its effectiveness;

- shareholders may at any time send their enquiries and concerns to the Board by post to the following address or via email (207ir@cofco.com) or in person through participation in general meetings:

  COFCO Land Holdings Limited
  33/F., Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong

The Board protects the privacy of Shareholders' information in the possession of the Company and the Company will not disclose Shareholders' information without their consent, unless required by law to do so.

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintain communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels. Such channels include annual reports, announcements and company website. After formal announcement of its results in accordance with the Listing Rules, the Company will arrange for meetings during which the management will answer questions from investors. The Company shall meet overseas investors and facilitate communication with them through analysts' conference and roadshows. During the period under review, in October 2013, the Company organized an analysts' conference in Beijing and analyst on-site visit. In November 2013, roadshows were also arranged in Hong Kong and Singapore.

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 December 2013, which were approved by the Board on 25 March 2014.

PRINCIPAL ACTIVITIES

The Company is primarily engaged in property development, operation, sale, leasing and management of mixed-use complexes and other commercial properties such as shopping centres, hotels, offices, serviced apartments and resort and tourist properties. The principal businesses of the Company are divided into four major areas, namely property development, property investment, hotel operations and property management and related services.

RESULTS

The Group's results for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 103 of this Annual Report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 100 of this Annual Report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2013 are set out in note 37 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

RESERVES

Details of movements in the Company's and the Group's reserves during the year are set out in note 39 to the consolidated financial statements and the consolidated statements of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company does not have any reserves available for distribution. The reserves (excluding accumulated deficit) and accumulated deficit were RMB229,634,000 (At 31 December 2012: RMB229,634,000) and RMB396,114,000 (At 31 December 2012: RMB364,648,000) respectively.

As at 31 December 2013, the Company's share premium account in the amount of RMB11,808,027,000 (At 31 December 2012: Nil) may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The sales to major customers and purchases from major suppliers by the Group for the year are as follows:

	Percentage of total turnover for the year ended 31 December 2013 (%)
Top five customers	11.4
Largest customer	2.8

	Percentage of total purchases for the year ended 31 December 2013 (%)
Top five suppliers	47.3
Largest supplier	38.1

The Group's top five customers and suppliers above are independent third parties. To the knowledge of the Directors, none of the Directors, their associates or any Shareholders holding more than 5% interest in Shares had any interest in these top five customers or suppliers.

DIRECTORS

The Directors during the year ended 31 December 2013 and up to the date of this Annual Report were:

Executive Directors:

Mr. ZHOU Zheng *(Chairman)* (Note 1)
Mr. HAN Shi

Non-executive Directors:

Mr. SHI Zhuowei
Mr. MA Jianping (Note 2)
Mr. MA Wangjun
Ms. JIANG Hua

Independent Non-executive Directors:

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

Notes:

1. With effect from 19 December 2013, Mr. ZHOU Zheng was appointed as the chairman of the Board and the chairman of the Nomination Committee and resigned as a member of the Remuneration Committee.

2. With effect from 19 December 2013, Mr. MA Jianping was re-designated as a non-executive Director and resigned as the chairman of the Board and the chairman of the Nomination Committee, and was appointed as a member of the Remuneration Committee.

The non-executive Directors and independent non-executive Directors are appointed with specific terms.

Pursuant to Bye-law 84(1), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Pursuant to Bye-law 84(2), a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment. In this regard, Mr. MA Wangjun, Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, and Mr. WU Kwok Cheung, *MH*, shall retire from office and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' PROFILE

Each Director's profile is set out on pages 50 to 52 of this Annual Report. Save as disclosed in the Profile of Directors and Senior Management section, none of the Directors is involved in any relationship as set out in paragraph 12 of Appendix 16 to the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has any service contract with any member of the Group that is not determinable by the Group within one year without compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No Director had any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during or at the end of the year ended 31 December 2013.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board is authorized by the Shareholders to fix the Directors' remuneration at general meetings. The Directors' emoluments are determined by the Board based on the recommendation by the Remuneration Committee with reference to their job complexity, workload, responsibilities and the Company's remuneration policy.

The Directors' remuneration for the year ended 31 December 2013 is set out in note 15 to the consolidated financial statements.

The remuneration of Mr. ZHOU Zheng, the chairman of the Board and an executive Director, will be increased from nil to HK$2,600,000 per annum with retrospective effect from 19 December 2013, the completion date of the Acquisition. In addition, Mr. HAN Shi, an executive Director, who did not receive any remuneration as an executive Director during the year under review, will receive remuneration as the general manager of the Company of HK$2,013,000 per annum with retrospective effect from 19 December 2013, the completion date of the Acquisition.

Further, the remuneration of each independent non-executive Director will be increased from HK$120,000 per annum to HK$300,000 per annum with retrospective effect from 1 January 2014. In addition, each independent non-executive Director shall be entitled to an additional fee of HK$5,000 for each extra meeting or each extra set of written resolutions (other than the minimum number of regular board meetings per year required, from time to time, by the Listing Rules or if applicable the laws of Bermuda) which shall require his attendance, undertaking or participation, provided that such extra meeting or such extra set of written resolutions resolves or considers one or more of the following matters: (I) a notifiable transaction (Chapter 14 of the Listing Rules), (II) a connected transaction (Chapter 14A of the Listing Rules), (III) any material matters or events required to be disclosed under Chapter 13 of the Listing Rules and/or (IV) a transaction falling under the Takeovers Codes.

Details of the emoluments paid to the senior management in 2013 by bands are as follows:

Emolument Band	Number of Individuals
RMB2,000,000 to RMB3,000,000	1

Of the 5 senior management appointed by the Group on 19 December 2013, only one individual's emoluments are paid or payable by the Group for the year.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, during the year and up to the date of this annual report, the following Director is considered to have business interest which is likely to compete directly or indirectly with the business of the Group:

As disclosed in the section "Non-competition Undertaking" in this annual report, COFCO Corporation holds equity interests in certain companies which compete or may compete with the Company's business. Ms. JIANG Hua is a director of COFCO Corporation.

Save as disclosed above, none of the Directors is considered to have business interests which are likely to compete directly or indirectly with the business of the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Aggregate long position(s) in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Directors/ Chief Executive	Company/ Name of associated corporations	Capacity	Number of issued ordinary shares held (Note 1)	Number of underlying shares held	Approximate percentage of the issued share capital
Mr. MA Jianping	China Foods Limited	Beneficial owner	–	920,000 (Note 2)	0.0329% (Note 4)
Mr. HAN Shi	China Agri-Industries Holdings Limited	Beneficial owner	153,400	–	0.0029% (Note 5)
Mr. MA Wangjun	China Agri-Industries Holdings Limited	Beneficial owner	–	1,219,000 (Note 3)	0.0232% (Note 5)
Mr. LAM Kin Ming, Lawrence	The Company	Beneficial owner	6,000	–	0.00007% (Note 6)

Notes:

1. Long positions in the shares of the Company or its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.
2. Long positions in the underlying shares of China Foods Limited under share options granted to Mr. MA Jianping pursuant to the share option scheme of China Foods Limited.
3. Long positions in the underlying shares of China Agri-Industries Holdings Limited under share options granted to Mr. MA Wangjun pursuant to the share option scheme of China Agri-Industries Holdings Limited.
4. The percentage (rounded to 4 decimal places) was calculated based on the total number of shares of China Foods Limited in issue as at 31 December 2013, i.e. 2,797,223,396 shares.
5. The percentages (rounded to 4 decimal places) were calculated based on the total number of shares of China Agri-Industries Holdings Limited in issue as at 31 December 2013, i.e. 5,249,880,788 shares.
6. The percentage (rounded to 5 decimal places) was calculated based on the total number of Shares in issue as at 31 December 2013, i.e. 8,478,732,480 shares.

Save for the disclosed herein, as at 31 December 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save for the disclosed herein, at no time during the year ended or as at 31 December 2013 was the Company or any of the Company's subsidiaries or holding companies or any subsidiary of any of the Company's holding companies a party to any arrangement to enable the Directors or their respective associates to acquire benefits by an acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, the interests and short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register of interests of the Company required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Aggregate long position(s) in the shares and underlying shares of the Company

		Number of shares held (Note 1)				
Name of substantial shareholders	Class of shares	Directly beneficially owned	Through controlled corporation(s)	As Investment Manager	Total	Approximate percentage of the issued share capital (Note 2)
Achieve Bloom Limited	Ordinary shares	6,359,043,360 (Note 3)	–		6,359,043,360	75.00%
	CPS	1,095,300,778 (Note 4)	–		1,095,300,778	100%
COFCO (Hong Kong) Limited	Ordinary shares	–	6,359,043,360 (Note 5)		6,359,043,360	75.00%
	CPS	–	1,095,300,778 (Note 6)		1,095,300,778	100%
COFCO Corporation	Ordinary shares	–	6,359,043,360 (Note 5)		6,359,043,360	75.00%
	CPS	–	1,095,300,778 (Note 6)		1,095,300,778	100%
GIC Private Limited	Ordinary shares	–	–	775,000,000	775,000,000	9.14%

Notes:

1. Long positions in the Shares and CPS, other than equity derivatives such as share options, warrants or convertible bonds.

2. The percentages (rounded to 2 decimal places) of the Shares were calculated based on the total number of Shares in issue as at 31 December 2013, i.e. 8,478,732,480 Shares, and assuming that 1,095,300,778 CPS were not fully converted into 1,095,300,778 Shares.

   The percentages of CPS were calculated based on 1,095,300,778 CPS in issue as at 31 December 2013.

3. 6,359,043,360 Shares were held by Achieve Bloom Limited directly as beneficial owner as at 31 December 2013.

4. 1,095,300,778 CPS were held by Achieve Bloom Limited directly as beneficial owner as at 31 December 2013.

5. As at 31 December 2013, COFCO (Hong Kong) Limited, through its wholly owned subsidiary, Achieve Bloom Limited, was deemed to be interested in 6,359,043,360 Shares.

   As at 31 December 2013, COFCO Corporation, through its wholly owned subsidiary, COFCO (Hong Kong) Limited, was deemed to be interested in 6,359,043,360 Shares.

6. COFCO (Hong Kong) Limited, through its wholly owned subsidiary, Achieve Bloom Limited, was deemed to be interested in 1,095,300,778 CPS as at 31 December 2013.

   COFCO Corporation, through its wholly owned subsidiary, COFCO (Hong Kong) Limited, was deemed to be interested in 1,095,300,778 CPS as at 31 December 2013.

Save for the disclosed herein, as at 31 December 2013, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, at least 25% of the Company's total issued Shares (excluding the CPS) was held by the public as at the date of this Annual Report.

CONTINUING CONNECTED TRANSACTION

Overview

Any transactions between the Company and the COFCO Group (which for the purpose of this section, includes the associates of COFCO Corporation) will constitute connected transactions or continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Set out below is a summary of the continuing connected transactions of the Company during the year ended 31 December 2013:

(a) Leasing of properties to the COFCO Group
(b) Provision of project consultation, property management and hotel management services
(c) Provision of insurance services by the COFCO Group
(d) Sourcing of staple supplies and catering services from the COFCO Group
(e) Entrusted arrangements with respect to certain Retained Joy City Projects
(f) Advance from Shanghai Top Glory to Taiwan Hotel Ltd
(g) Entrusted arrangements with respect to certain projects owned by the Company
(h) Existing Leases with respect to leasing of properties to the COFCO Group

THE CONNECTED PERSONS

COFCO Corporation is indirectly holding 75% interest of the issued share capital of the Company as at 31 December 2013 and is the controlling shareholder of the Company. COFCO Corporation, together with other members of the COFCO Group and their respective associates, will continue to be the Company's connected persons under Chapter 14A of the Listing Rules. COFCO Corporation is a state-owned enterprise incorporated in the PRC under the purview of SASAC. COFCO Corporation is engaged in a wide range of businesses through its subsidiaries including property development and management in the PRC and overseas, agricultural commodities trading, agricultural products cultivation and processing, processing of animal by-products, food and beverages, dairy products and packaging materials, hotel management and provision of logistics and financial services in the PRC.

DETAILS OF CONTINUING CONNECTED TRANSACTION

(a) Leasing of properties to the COFCO Group

As of 31 December 2013, the Company has entered into various lease agreements for the leasing of commercial premises to the COFCO Group. The lease agreements were entered into mainly by (i) Beijing COFCO for the leasing of commercial premises in Beijing COFCO Plaza; and (ii) Bapton for the leasing of commercial premises in Top Glory Tower. These leased properties are generally occupied by relevant members of the COFCO Group as their headquarters, offices, sales offices or for other commercial uses.

The Company considers that the leasing of the commercial premises to the COFCO Group is conducted in the Company's ordinary and usual course of business based on the commercial needs of the Company and the COFCO Group. It is expected that the Company will continue to lease the commercial premises to the COFCO Group pursuant to the existing lease arrangements and may renew the same after they expire, or enter into new lease agreements with other members of the COFCO Group. To better regulate the arrangements, the Company entered into the Master Lease Agreement on 29 November 2013 with COFCO Corporation to govern the terms of the lease arrangements between the Company and the COFCO Group.

The 2013 Annual Caps and the actual amounts for the rent and management fees payable under the Master Lease Agreement during the period under review are set out below:

Annual Caps (financial year ended 31 December 2013) (in RMB'000)	actual amounts (financial year ended 31 December 2013) (in RMB'000)
80,000	70,810.6

Pursuant to the Master Lease Agreement, save and except for the Existing Leases (details of which are set out in the paragraph headed "Existing Leases with respect to leasing of properties to the COFCO Group" in this section), the rent and management fees payable by the COFCO Group are subject to the general pricing terms as set out in the paragraph headed "Common terms of the Master Agreements" below, and are to be agreed between the relevant members of the Group and the COFCO Group having regard to the quality and nature of the relevant property, its location, neighborhood area and ancillary infrastructure facilities, and based on the rents payable under leases in the same building as those with tenants which are independent third parties and the prevailing market rents for similar premises in the vicinity of the relevant property.

(b) Provision of project consultation, property management and hotel management services

(i) Provision of project consultation and property management services by the Group to the COFCO Group

The Group, through its members including Beijing Gloria Management, has been providing project consultation and property management services for its own property projects, as well as property projects of the COFCO Group and to other external customers.

In their ordinary and usual course of business, Beijing Gloria Management and other members of the Group have entered into project consultation and property management agreements with members of the COFCO Group, pursuant to which the Group provides project consultation and property management services to the property projects owned and developed by the COFCO Group.

Specifically, the project consultation and property management services provided by the Group to the COFCO Group for its major property projects during the year under review include but are not limited to the following projects:

Relevant member of the Group	Relevant member of the COFCO Group	Property management services provided to the COFCO Group
Beijing Gloria Management	Joy City (Tianjin) Co., Ltd.* (大悅城(天津)有限公司)	Provision of project consultation and property management services for Tianjin Joy City
Beijing Gloria Management	Shanghai Xinlan Real Estate Development Co., Ltd.* (上海新蘭房地產開發有限公司)	Provision of property management services for Shanghai Joy City
Beijing Gloria Management	Beijing Hongtaijiye Real Estate Co., Ltd.* (北京弘泰基業房地產有限公司)	Provision of property management services for Beijing Chaoyang Joy City and its residential units
Beijing Gloria Management	Xidan Joy City Co., Ltd.* (西單大悅城有限公司)	Provision of property management services for Beijing Xidan Joy City
Beijing Gloria Management	Yantai Joy City Co., Ltd.* (煙台大悅城有限公司)	Provision of project consultation services for Yantai Joy City
Beijing Gloria Management	COFCO Property Investment (Beijing) Co., Ltd.* (中糧地產投資(北京)有限公司)	Provision of project consultation services and property management services for Beijing COFCO Shine City International Residence Community (中糧祥雲國際生活區)
Beijing Gloria Management	COFCO Corporation and other members of the COFCO Group	Provision of property management services for COFCO Fortune Plaza (中糧福臨門大廈)
Beijing Gloria Management	COFCO Shanghai[1]	Provision of property management services for Shanghai COFCO Tower
Beijing Gloria Management	Beijing COFCO[2]	Provision of property management services for Beijing COFCO Plaza

1 COFCO Shanghai is a minority-held associate of the Company which is owned as to 50% by COFCO (BVI) No. 94, a member of the Group, and 50% by COFCO Investment, a subsidiary of COFCO Corporation. Accordingly, COFCO Shanghai is an associate of a connected person of the Company pursuant to Rule 14A.11(4) of the Listing Rules.

2 Beijing COFCO is a non-wholly owned subsidiary of the Company which is owned as to 60% by Top Spring, a member of the Group, and 40% by COFCO Investment, a subsidiary of COFCO Corporation. Accordingly, Beijing COFCO is a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

The English names of the Chinese companies marked with "*" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

The project consultation and property management services provided by the Group include the following:

(a) project planning and development consultation services during the initial development stage, including land development planning, government approvals and corporate structure consultation, construction consultation and agency services, facilities and greenery planning, consultancy and advisory services on security systems, fire service systems, communication and network systems; and

(b) property management services after completion of project development, including maintenance, repair and management of public facilities and public areas, managing car parking lots, cleaning services, security services, collecting rent from tenants and managing the leasing arrangements with tenants.

The Annual Caps and the actual amounts for the consultation and management fees payable by the COFCO Group pursuant to the Master Property Management Agreement during the period under review are set out below:

Annual Caps (financial year ended 31 December 2013) (in RMB'000)	actual amounts (financial year ended 31 December 2013) (in RMB'000)
40,000	35,743.5

(ii) Provision of hotel and property management services by the COFCO Group to the Group

During the year under review, certain members of the COFCO Group have also provided hotel and property management services to the hotel projects and property projects developed by the Group, which include but are not limited to the following:

Relevant member of the COFCO Group	Relevant member of the Group	Hotel and property management services provided to the Group
Gloria International Hotel Limited	Nanchang Gloria Hotel (PRC)	Provision of hotel management services for Gloria Grand Hotel Nanchang
Gloria International Hotel Limited	Suzhou Gloria Hotel (PRC)	Provision of hotel management services for Gloria Plaza Hotel Suzhou
Gloria International Hotel Management (Beijing) Co.,Ltd.* (凱萊國際酒店管理(北京)有限公司)	Yalong Development (Sanya)	Provision of hotel management services for Cactus Resort Sanya by Gloria
Top Glory Properties Management (HK) Limited	Bapton	Provision of property consultancy and rental management services for Top Glory Tower

The English name of the Chinese company marked with "*" is the translation of its Chinese name and is included for identification purpose only, and should not be regarded as its official English translation.

The hotel and property management services provided by the COFCO Group to the Group include the following:

(a) hotel management services, including operating and managing restaurants, shops, recreational facilities and other facilities in the hotel premises, marketing services, catering services, setting and implementing policies and standards for use of hotel rooms, maintaining common area and public facilities, as well as other general property management services; and

(b) property management services, including maintenance, repair and management of building, cleaning services, security services, fire and safety services, staff recruitment and training, preparing budgets, collecting rent from tenants and managing the leasing arrangements with tenants.

The Annual Caps and the actual amounts for the service fees for the hotel and property management services payable by the Company pursuant to the Master Property Management Agreement during the period under review are set out below:

Annual Caps (financial year ended 31 December 2013)(in RMB'000)	Actual amounts (financial year ended 31 December 2013)(in RMB'000)
9,000	7,754.2

The Company considers that it will be beneficial for the Group to continue to provide project consultation and property management services to the COFCO Group, and for the COFCO Group to continue to provide hotel and property management services to the Group. To better regulate the arrangements, the Company and COFCO Corporation entered into the Master Property Management Agreement on 29 November 2013 to govern the terms of the provision of project consultation, hotel and property management services.

Pursuant to the Master Property Management Agreement, the service fees for the project consultation, hotel and property management services are subject to the general pricing terms as set out in the paragraph headed "Common terms of Master Agreements" below. Detailed terms of the project consultation, hotel and property management services to be provided by the Group and the COFCO Group (as the case may be) and the pricing terms shall be set out in the specific property management service contracts to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Property Management Agreement.

The consideration to be paid by the respective members of the COFCO Group or the Group (as the case may be) pursuant to the Master Property Management Agreement shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the nature and scope of the services to be provided, the costs of providing such services and the market rate for similar services offered by other independent third party suppliers, or based on a prescribed fee schedule or charging rate as agreed between the relevant parties from time to time.

(c) Provision of insurance services by the COFCO Group

The COFCO Group conducts insurance business and provides insurance consultancy and brokerage services in the PRC through its members including AVIVA-COFCO Life Insurance Co., Ltd. (中英人壽保險有限公司) and AON-COFCO Insurance Brokerage Co., Ltd. (中怡保險經紀有限責任公司). The Group has been purchasing insurance products from the COFCO Group covering medical, accident and life insurance for its staff, and receiving insurance consultancy and brokerage services from the COFCO Group which include sourcing and referral of insurance products and services for the Group, general liaison with insurers on behalf of the Group and regular review of the insurance coverage of the Group.

The Company considers that it will be beneficial for the Group to continue to purchase insurance products and receive insurance consultancy and brokerage services from the COFCO Group, as insurance services are generally required by the Group's ordinary course of business and the Group will have access to full insurance consultancy services provided by the COFCO Group. To better regulate the arrangements, the Company entered into the Master Insurance Agreement on 29 November 2013 with COFCO Corporation for the provision of insurance services by the COFCO Group to the Group.

The Annual Caps and the actual amounts for the insurance premium and consultancy fees payable pursuant to the Master Insurance Agreement during the period under review are set out below:

Annual Caps (financial year ended 31 December 2013)(in RMB'000)	Actual amounts (financial year ended 31 December 2013)(in RMB'000)
1,200	604.9

Pursuant to the Master Insurance Agreement, the insurance premium and service fees for the insurance services are subject to the general pricing terms as set out in the paragraph headed "Common terms of the Master Agreements" below, and shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the nature and coverage of the insurance policies, the scope of the insurance consultancy and brokerage services provided by the COFCO Group and the market fees for similar insurance services offered by other independent insurers, or based on a prescribed fee schedule or charging rate as agreed between the relevant parties from time to time. Detailed terms of the insurance services and the pricing terms shall be set out in the specific service contracts or confirmation orders to be entered into between the relevant member of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Insurance Agreement.

(d) Sourcing of staple supplies and catering services from the COFCO Group

During the year under review, the Group has been sourcing certain staple supplies from the COFCO Group, including agricultural products, food, beverage, wine and confectionary, packaging materials and daily supplies such as oil, rice, sugar and tea, mainly used in the Group's ordinary business operations, the catering services provided in the hotels and other commercial properties operated by the Group and as the Group's staff benefits and corporate gifts to its customers and business partners. The COFCO Group also provides conference room facilities, accommodation, car parking lots and catering services to the Group for its general corporate uses, corporate events and promotional activities.

The Company considers that it will be beneficial to the Group to continue to source staple supplies and catering services from the COFCO Group as it will allow the Group to benefit from bulk purchase discounts and ensure a stable and reliable staple supply and provision of services which is crucial for its property and hotel business. To better regulate the arrangements, the Company entered into the Master Sourcing Agreement on 29 November 2013 with COFCO Corporation for the supply of staple supplies and catering services by the COFCO Group to the Group.

The Annual Caps and the actual amounts for the purchase amounts for staple supplies and catering services payable by the Company pursuant to the Master Sourcing Agreement during the period under review are set out below:

Annual Caps (financial year ended 31 December 2013)(in RMB'000)	Actual amounts (financial year ended 31 December 2013)(in RMB'000)
5,900	1,908.8

Pursuant to the Master Sourcing Agreement, the prices for the staple supplies and catering services are subject to the general pricing terms as set out in the paragraph headed "Common Terms of the Master Agreements" below, and shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the quantity and quality of the supplies and services, the market prices for the staple supplies and catering services, the prices offered by other independent third party suppliers and the procurement or manufacturing costs of the relevant members of the COFCO Group, or based on a prescribed fee schedule or purchase price as agreed between the relevant parties from time to time. Detailed terms of the provision of staple supplies and catering services and the pricing terms will be set out in the specific service contracts or confirmation orders to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Sourcing Agreement.

COMMON TERMS OF THE MASTER AGREEMENTS

Each of the Master Agreements is a framework agreement comprising the general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of Non-Exempt Continuing Connected Transaction contemplated thereunder. The common terms of the Master Agreements are set out below:

Term:	Each Master Agreement was approved by the Independent Shareholders at the SGM dated 18 December 2013, and has become effective from 19 December 2013, being the completion date of the Acquisition to 31 December 2015, which can be renewed on terms to be agreed upon between the Company and COFCO Corporation subject to compliance with the applicable provisions of the Listing Rules.
Framework agreement:	The Master Agreements are framework agreements which contain general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of transaction contemplated thereunder. Members of the Group and the COFCO Group may from time to time enter into specific agreements in respect of the leases, services and/or products to be provided or received by the Group, provided that the terms of such detailed agreements are not inconsistent with the terms of the relevant Master Agreement. The actual services and/or products to be provided or received by the Group are subject to such detailed agreements entered into between the relevant members of the Group and the COFCO Group from time to time during the terms of the Master Agreements.

Pricing basis:	The purchase amounts, rent and service fees payable under each of the Master Agreements by the Group or the COFCO Group (as the case may be) are to be agreed and determined on an arm's length basis between the relevant members of the Group and the COFCO Group from time to time, which shall be comparable to, or no less favourable to the Group than, the fair market rents or market prices for similar products and services offered by independent third parties to the Group or by the Group to independent third parties. The relevant member of the Group shall, before it enters into specific agreements in respect of the leases, services and/or products pursuant to the Master Agreements, (i) obtain price quotations from suppliers who are independent third parties for the supply of the same or similar products and/or services required by the Group; or (ii) request the COFCO Group to provide it with sales records of the same or similar products and/or services offered by it to its customers, as the reference market price of such products and services. If the relevant member of the Group proceeds to place a purchase order or enters into a transaction with the COFCO Group for the products and/or services contemplated under the Master Agreements, the price and other conditions at which such products and/or services are to be offered shall be no less favourable to the Group than any of the price quotations or sales records (as the case may be).
Termination:	The Master Agreements may be terminated by either party giving the other party a written notice not less than 30 days before the intended date of termination.

(e) Entrusted arrangements with respect to certain Retained Joy City Projects

The Company entered into five Retained Joy City Projects Entrustment Contracts on 29 November 2013 with the following members of the COFCO Group which directly hold the respective Retained Joy City Projects, pursuant to which the Company was granted the right to manage the respective businesses and underlying assets (including the relevant Retained Joy City Projects) of these companies. Details of the parties to the Retained Joy City Projects Entrustment Contracts and the entrustment arrangements are set out below:

Relevant member of the COFCO Group	Relevant member of the Group	Relevant Retained Joy City Project entrusted to the Group
Joy City (Tianjin) Co., Ltd.* (大悦城(天津)有限公司)	The Company	Tianjin Joy City
Shanghai Xinlan Real Estate Development Co., Ltd.* (上海新蘭房地產開發有限公司)	The Company	Shanghai Joy City
Beijing Hongtaijiye Real Estate Co., Ltd.* (北京弘泰基業房地產有限公司)	The Company	Chaoyang Joy City
Xidan Joy City Co., Ltd.* (西單大悦城有限公司)	The Company	Xidan Joy City
Yantai Joy City Co., Ltd.* (煙台大悦城有限公司)	The Company	Yantai Joy City

The English names of the Chinese companies marked with "*" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

The Retained Joy City Projects Entrustment Contracts have become effective on 19 December 2013 upon the approval of the Independent Shareholders at the SGM dated 18 December 2013 until the expiry of their initial terms on 31 December 2015. If any of the Retained Joy City Projects is acquired by the Company pursuant to the exercise of the Call Options during the term of the Retained Joy City Projects Entrustment Contracts, the relevant contract will be terminated upon completion of the acquisition of the relevant Retained Joy City Project. If any of the Retained Joy City Projects remains owned by the COFCO Group on the date of expiry of the initial term of the Retained Joy City Projects Entrustment Contracts (31 December 2015), the respective contract may be renewed for a further term of three years on the same terms subject to compliance with the applicable Listing Rules by the Company. Unless there is a material breach of the Retained Joy City Projects Entrustment Contracts by the Company, the respective member of the COFCO Group shall not terminate the contracts during the term of the Retained Joy City Projects Entrustment Contracts.

Pursuant to the Retained Joy City Projects Entrustment Contracts, the relevant member of the COFCO Group shall entrust to the Group the operation and management of its business and underlying assets (including the relevant Retained Joy City Project held by it). The Group shall have day-to-day management rights and full discretion to deal with the operational matters of each of such companies and its underlying assets (including the relevant Retained Joy City Project), and the Group's rights include but are not limited to:

(a) determining business development and operation policies, and implementing annual business plans;

(b) project construction management;

(c) cost management;

(d) financial management; and

(e) sales and operations management.

The relevant member of the COFCO Group shall be entitled to retain all revenue and profits and is responsible for all the losses and risks arising from the respective businesses and operations of the relevant Retained Joy City Project. In respect of Yantai Joy City, consent of the indirect minority shareholder of the project company holding Yantai Joy City is required if any action proposed to be taken by the Group pursuant to the relevant Retained Joy City Projects Entrustment Contract is inconsistent or in conflict with the terms of the joint venture contract of the project company or other related agreements.

Each relevant member of the COFCO Group shall pay an entrustment fee of RMB500,000 per annum for the services provided by the Group under the relevant Retained Joy City Projects Entrustment Contract, which was agreed and determined on an arm's length basis between the Company and the relevant members of the COFCO Group, having regard to the nature and scope of entrustment and management services to be provided by the Group, the cost of the Group providing such services, the rights and obligations assumed by the Group under the Retained Joy City Projects Entrustment Contracts, and by reference to the annual entrustment fee of RMB500,000 payable by the Group to the COFCO Group under each of the Group Entrustment Contracts (being existing transactions between the Group and the COFCO Group of a similar nature to the Retained Joy City Projects Entrustment Contracts, details of which are set out in the paragraph headed "Entrusted arrangements with respect to certain projects owned by the Group" in this section below). Details of the Retained Joy City Projects are set out in the Company's circular dated 30 November 2013.

The Annual Cap for the entrustment fees payable by the relevant members of the COFCO Group in respect of the services provided by the Company under the Retained Joy City Projects Entrustment Contracts is RMB2.5 million for the financial year ending 31 December 2013, which represents the total annual entrustment fees receivable by the Company under the five Retained Joy City Projects Entrustment Contracts. The Company, however, hasn't received any entrustment fee as at 31 December 2013 as the first entrustment fees has not become due under the Entrustment Contracts.

(f) Advance from Shanghai Top Glory to Taiwan Hotel Ltd

Taiwan Hotel Ltd is a non-wholly owned subsidiary of the Company which is owned as to 51% by COFCO (BVI) No. 97 (a wholly-owned subsidiary of the Company) and 49% by COFCO Corporation. As the then indirect ultimate controlling shareholder of Taiwan Hotel Ltd, COFCO Corporation has been providing shareholder loans to Taiwan Hotel Ltd for its operating costs and business expansion prior to 19 December 2013. For the purpose of minimizing the financial reliance by the Group on the COFCO Group, all amounts due to the COFCO Group were repaid before 19 December 2013. Please refer to the section headed "Relationship with Controlling Shareholders – Independence from the COFCO Group – Financial independence" in the Company's circular dated 30 November 2013 for details.

As part of the arrangement to repay the amounts due from the Group to the COFCO Group, Shanghai Top Glory, a subsidiary of the Company, made available an intra-group advance to Taiwan Hotel Ltd in replacement of the existing shareholder loans provided by COFCO Corporation. In this connection, Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch entered into the Entrustment Loan Agreement on 1 November 2013, pursuant to which Shanghai Top Glory entrusted China Construction Bank Beijing Branch to lend RMB663.3 million to Taiwan Hotel Ltd. China Construction Bank Beijing Branch has received the same amount of cash deposit from Shanghai Top Glory and the corporate guarantee from Shanghai Top Glory as the security of the Entrustment Loan. The Entrustment Loan is for a term of one year from 1 November 2013 with a fixed interest rate of 6.68% per annum, which was determined with reference to the relevant PBOC benchmark lending rates for one-year term loan and the prevailing market lending rates generally offered by commercial banks in the PRC.

The Entrustment Loan is only a short-term intra-group financing arrangement amongst the members of the Group to enable Taiwan Hotel Ltd to continue its business operations upon repayment of the shareholder loans owing to COFCO Corporation. In the long run, Taiwan Hotel Ltd will be financed by the capital contributions from its shareholders, cash generated from its operating activities and other internal resources. It is expected that Taiwan Hotel Ltd will repay the Entrustment Loan with its then available resources upon the maturity of the Entrustment Loan.

(g) Entrusted arrangements with respect to certain projects owned by the Group

Zhuoyuan Property, Shanghai Top Glory and COFCO Chengdu entered into three Group Entrustment Contracts on 26 September 2012 with COFCO Property, pursuant to which the management of the business and operations of certain project companies of the Group or companies holding interests in the relevant project company were entrusted to COFCO Property. The relevant parties to the Group Entrustment Contracts and the relevant properties and projects entrusted to COFCO Property are set out below:

Member of the Group	Member of the COFCO Group	Relevant properties and projects entrusted to the COFCO Group
Zhuoyuan Property	COFCO Property	Chengdu Joy City
Shanghai Top Glory	COFCO Property	Ocean One and Fraser Suites Top Glory Shanghai
COFCO Chengdu	COFCO Property	Chengdu Shine City*

* COFCO Chengdu holds a 30% equity interest in Chengdu Yuecheng, which holds Chengdu Shine City.

Each of the Group Entrustment Contracts has a term of three years commencing from 26 September 2012 and will expire in September 2015. Pursuant to the Group Entrustment Contracts, COFCO Property shall provide management services or implement operational policies for each of Zhuoyuan Property, Shanghai Top Glory and COFCO Chengdu and their respective underlying projects. COFCO Property shall receive an annual fee of RMB500,000 for each company while the profits and losses generated from these projects shall belong to the Group. The Group does not intend to renew or extend the terms of the Group Entrustment Contracts after they expire in September 2015. Each relevant member of the Group shall pay an entrustment fee of RMB500,000 per annum for the services provided by COFCO Property, and the aggregate entrustment fee for the Group Entrustment Contracts amounts to RMB1,500,000 per annum.

The Group Entrustment Contracts were entered into by members of the Group in September 2012, which have taken effect and will continue after completion of the Acquisition until the expiry of their terms. The ongoing transactions under the Group Entrustment Contracts constitute continuing connected transactions of the Company upon the completion of the Acquisition.

(h) Existing Leases with respect to leasing of properties to the COFCO Group

As at 31 December 2013, Beijing COFCO, a member of the Group, was a party to five Existing Leases with respect to the leasing of commercial premises and a shopping mall unit in Beijing COFCO Plaza to certain members of the COFCO Group. The Existing Leases are summarised as follows:

Members of the COFCO Group (as tenant)	Address of the property leased	Effective period of the lease agreements	Total annual rent and management fee
COFCO Coca-Cola Beverages (China) Investment Ltd.* (中糧可口可樂飲料(中國)投資有限公司)	Units 1101-06 of Tower A of Beijing COFCO Plaza	1 August 2011 to 30 October 2014	RMB1,353,600
COFCO Coca-Cola Supply Chain (Tianjin) Investment Ltd.* (中糧可口可樂供應鏈(天津)有限公司)	Units 1107-26 of Tower A of Beijing COFCO Plaza	1 August 2011 to 30 October 2014	RMB5,398,428
Junding Chateau Wine Sales Co., Ltd.* (北京君頂名莊酒業銷售有限公司)	Units 1317-19 of Tower B of Beijing COFCO Plaza	1 July 2012 to 30 June 2014	RMB914,400
Beijing Junding Hua Yue Hotel Management Co., Ltd.* (北京君頂華悅酒店管理有限公司)	5th floor of Tower C of Beijing COFCO Plaza	1 October 2010 to 30 September 2018	RMB8,895,776
China Tea Joint Stock Co., Ltd.* (中國茶葉股份有限公司)	Shop F116 of Beijing COFCO Plaza	1 March 2013 to 30 April 2015	RMB238,680

Details of the Existing Leases are set out in the Company's circular dated 30 November 2013.

The ongoing transactions under the Existing Leases constitute continuing connected transactions of the Company upon the completion of the Acquisition on 19 December 2013. Accordingly, pursuant to Rule 14A.41 of the Listing Rules, the Company is required to comply with the applicable annual review, reporting and disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Existing Leases.

The English names of the Chinese companies marked with "*" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

The Company will comply in full with all relevant reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation of such contract during their terms. Upon expiry of any of the Existing Leases, any new lease agreement to be entered into with the relevant members of the COFCO Group for the leasing of the respective property under the Existing Leases will be governed by the Master Lease Agreement and subject to the general pricing terms as set out in the paragraph headed "Common Terms of Master Agreements" above, and the annual rent and management fee under the new lease agreements shall be comparable to the rent of the leases in the same building as those with tenants which are independent third parties and the then prevailing market rent of Beijing COFCO Plaza.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that: (i) the Master Agreements, the Retained Joy City Projects Entrustment Contracts and the Group Entrustment Contracts and the transactions thereunder have been entered into in the ordinary and usual course of business of the Group; (ii) the continuing connected transactions above (save and except for the Existing Leases) have been entered into on normal commercial terms or on terms no less favourable than terms available to or from (as appropriate) independent third parties; and (iii) the continuing connected transactions above have been entered into in accordance with their respective agreements governing them on the terms that are fair and reasonable and in the interests of the Company as a whole.

The respective transaction amounts of the Master Agreements, the Retained Joy City Projects Entrustment Contracts and the Entrustment Loan Agreement for the year ended 31 December 2013 have not exceeded the respective annual caps as stated above.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Deloitte Touche Tohmatsu, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2013 disclosed above in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONTRACT(S) OF SIGNIFICANCE

COFCO Corporation and the Company entered into the trademark licence agreement on 29 November 2013, pursuant to which COFCO Corporation granted licences to the Group to use certain trademarks bearing the "COFCO (中糧)" and "Joy City (大悦城)" brands on a royalty-free basis from 19 December 2013 until 31 December 2015. The trademark licence agreement may be terminated by either party giving the other party a written notice of not less than 30 days before the intended date of termination. The transactions under the trademark licence agreement constitutes continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 28 November 2013, Bapton, an indirect wholly-owned subsidiary of the Company, as borrower, and The Hongkong and Shanghai Banking Corporation Limited, as lender, entered into a facility agreement with respect to a one year term-loan facility of HK$1,250 million (the "Facility"). Pursuant to the facility agreement, if (i) COFCO does not or ceases to maintain directly or indirectly more than 50% of all the issued ordinary share capital of, or carry directly or indirectly more than 50% of voting right in, the Company; or (ii) COFCO does not or ceases to have management control over the Company, it would constitute an event of default under the facility agreement and the lender may cancel the commitment under the Facility and/or declare that the whole or any part of the loan under the Facility, together with accrued interest, be immediately due and payable. Details of the transactions are set out in the announcement dated 29 November 2013.

MANAGEMENT CONTRACTS

With respect to each Group Entrustment Contract, please refer to the section "Continuing Connected Transactions".

Save for the disclosed herein, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2013.

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

On 19 December 2013, the Acquisition was completed and upon Completion, the Company issued 1,095,300,778 CPS to Achieve Bloom as part of settlement of the consideration for the Acquisition. Currently the Company has two classes of shares, being the Ordinary Shares and the CPS.

The major terms of the CPS are as follows:

Nominal value:	Non-redeemable convertible preference shares of HK$0.10 each created as a new class of shares in the share capital of the Company
Conversion ratio:	The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share.
Conversion rights:	Holders of the CPS will have the right to convert all or such number of CPS into Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
Redemption:	The CPS shall be non-redeemable by the Company or their holders.
Dividend and distribution entitlement:	Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis.
	The holders of the CPS shall have priority over the Shareholders on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).

Voting rights:	The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.
Transferability:	The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction.
Ranking:	Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares. The Conversion Shares will be issued as fully paid and rank pari passu in all respects with the Shares in issue as at the date of conversion.
Adjustment:	If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).
Listing:	No listing has been sought for the CPS on the Stock Exchange or any other stock exchange. However, an application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

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

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

NON-COMPETITION UNDERTAKING

COFCO Corporation and the Company entered into the Non-Competition Undertaking on 29 November 2013, pursuant to which:

(a) COFCO Corporation shall not, and shall procure that none of its subsidiaries (excluding COFCO Property and its subsidiaries) shall, directly or indirectly, whether as principal or agent, and whether undertaken solely or jointly and whether through intermediate holding companies or otherwise, carry on, engage, invest, participate or otherwise be interested in any business or company which is directly or indirectly engaged in the Restricted Business in competition with the Group in the PRC and Hong Kong. For the purposes of the Non-Competition Undertaking, "Restricted Business" means: (a) the development, operation, sale, leasing or management of any property project which is wholly designated for commercial purpose such as offices, retail, shopping malls, hotels, resorts or serviced apartments; and/or (b) the development, operation, sale, leasing or management of any mixed-use complex project;

(b) COFCO Corporation has granted a right of first refusal to the Company (the "Company's Right of First Refusal"), namely if COFCO Corporation and its subsidiaries (excluding COFCO Property and its subsidiaries) (the "Offeror") identifies or is offered any opportunity (the "Business Opportunity") to participate in any property development project which involves or is otherwise related to the Restricted Business, the Offeror shall inform the Company in writing and provide or procure the provision of all necessary information and documents possessed by the Offeror in respect of such Business Opportunity to enable the Company to evaluate the Business Opportunity. More details of the Company's Right of First Refusal were disclosed in the Company's circular dated 30 November 2013;

(c) COFCO Corporation has granted the Company with the Call Options to acquire, at a fair market value and subject to any applicable laws and regulations of the PRC and other jurisdictions, the obtaining of relevant approvals from the competent PRC administrative authorities, relevant shareholder consents and/or waivers from third parties (if required) and the Company's compliance with the Listing Rules, including announcement and/or independent shareholders' approval requirements, the Retained Joy City Projects or their respective companies holding such Retained Joy City Projects. In particular, the exercise of the Call Option by the Company to acquire Shenyang Joy City is subject to the COFCO Property Right of First Refusal. The term of the Call Options is eight years from 19 December 2013.

In connection with the Call Options, the Company and the relevant members of COFCO Group entered into the Retained Joy City Projects Entrustment Contracts on 29 November 2013. More details are disclosed in the section "Continuing Connected Transactions" in this annual report.

COFCO Corporation has declared in writing that it has complied with the Non-Competition Undertaking within the year under review.

REGULATORY COMPLIANCE

As disclosed in the Company's circular dated 30 November 2013, there were certain non-compliances relating to the Group or its property projects during the year under review. As at 31 December 2013, the respective progress of the remedial measures taken by the Group in respect of those non-compliances which may be remedied remained substantially the same as described in the Company's circular dated 30 November 2013.

CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report on pages 61 to 72 of this Annual Report.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 30 May 2014 to Wednesday, 4 June 2014, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 29 May 2014.

AUDITOR

Deloitte Touche Tohmatsu will retire and, being eligible, offers themselves for re-appointment at the AGM during which a resolution for their re-appointment as auditor of the Company and authorising the Directors to fix their remuneration will be proposed.

ON BEHALF OF THE BOARD

ZHOU Zheng
Chairman

Hong Kong
25 March 2014

Summary of Properties Held by the Group

HELD BY THE GROUP FOR DEVELOPMENT OR SALE

	Project Name	Address	Status of Project	Expected Completion	Uaage (e.g. shop, office, factory or residential unit	Total Site Area	Gross Floor Area	Property Interest
In Operation	MGM Grand Sanya	(Binhai Road), Yalong Bay National Tourism and Resort District, Jiyang, Sanya, Hainan	In operation		Hotel	106,666.59	108,332.00	100%
	St. Regis Sanya Yalong Bay Resort	(Gangcheng Road), Yalong Bay National Tourism and Resort District, Jiyang, Sanya, Hainan	In operation		Hotel	204,032.28	90,869.00	34%
	Cactus Resort Sanya by Gloria	(Longtan Road), Yalong Bay National Tourism and Resort District, Jiyang, Sanya, Hainan	In operation		Hotel	90,011.66	38,500.00	34%
	Gloria Plaza Hotel Suzhou	535 Ganjiang East Rd, Pingjiang District, Suzhou, Jiangsu, China	In operation		Hotel	8,001.20	26,254.74	100%
	Gloria Grand Hotel Nanchang	39 Yanjiang North Rd, Donghu District, Nanchang, Jiangxi, China	In operation		Hotel	4,050.00	37,329.22	100%
	Waldorf Astoria Beijing	5 Jinyu Hutong, Dongcheng, Beijing, China	In operation		Hotel	6,148.64	44,180.00	51%
In Construction	W Beijing – Chang'an	2 Jianguomennan Avenue, Chaoyang, Beijing, China	In construction	2014	Hotel	6,746.29	62,805.00	100%
	Chengdu Shine City Phase 3	Joy Rd, Gaobei Village, Cuqiao, Wuhou District, Chengdu, Sichuan, China	In construction	Q4, 2014	Residential, commercial	88,831.95	717864.6	30%

Summary of Properties Held by the Group

	Project Name	Address	Status of Project	Expected Completion	Uaage (e.g. shop, office, factory or residential unit	Total Site Area	Gross Floor Area	Property Interest
Future Development	Chengdu Joy City	Joy Rd, Gaobei Village, Cuqiao, Wuhou District, Chengdu, Sichuan, China	Future development	Q4, 2015	Commercial, office	66,535.89	314,560.00	100%
	Yalong Bay Mountain Ocean Park	(Bin Hai Road), Yalong Bay National Tourism and Resort District, Jiyang, Sanya, Hainan	Future development	Q3, 2015	Commercial	396,708.88	26,197.00	34%
	Sanya Yalong Bay International Exhibition Centre Complex	(Yefeng Road), Yalong Bay National Tourism and Resort District, Jiyang, Sanya, Hainan	Future development	Q4, 2015	Commercial	224,382.09	89,700.00	27%
For Sale	Ocean One (partial)	600 Yingcheng Middle Rd, Lujiazui Finance and Trade District, Pudong, Shanghai, China	Completed		Residential	24,316.00	99,066.02	78%
	Chengdu Shine City Phase 1 & 2	1 Joy Rd, Gaobei Village, Cuqiao, Wuhou District, Chengdu, Sichuan, China	Completed		Residential and commercial	65,074.91	254,665.31	30%
	Princess Palace III	Yalong Bay Avenue, Yalong Bay National Tourism and Resort District, Jiyang Town, Sanya, Hainan, China	Completed		Apartment and villa-styled apartment	198,074.99	78,758.97	27%
	The Signature	Yalong Bay National Tourism and Resort District, Jiyang Town, Sanya, Hainan, China	Completed		Villa-styled apartment	123,925.51	27,146.36	27%
Occupied	Admin. Centre	(Yalong Avenue) Yalong Bay National Tourism and Resort District, Jiyang Town, Sanya, Hainan, China	Completed		Office building	35,049.63	33,391.76	34%

HELD BY THE GROUP FOR INVESTMENT

Project Name	Address	Usage	Time Period
Yuechuan Plaza	Hedong Road, Hedong District, Sanya, Hainan, China	Office building	28 August 2042
Beijing COFCO Plaza	8 Jianguomen Inner St, Chaoyang District, Beijing, China	Office, commercial	29 February 2044
Fraser Suites Top Glory Shanghai	Lane 600 Central Yincheng Road, Lujiazui, Pudong New District, Shanghai, China	Apartment	22 April 2069
Shanghai COFCO Tower	440 Zhongshan S 2nd Rd, Xuhui District, Shanghai, China	Office building	10 July 2046
Top Glory Tower Hong Kong	262 Gloucester Rd, Causeway Bay, Hong Kong SAR	Office building	2127
11th Floor of World-Wide House Hong Kong	19 Des Voeux Rd C, Hong Kong SAR	Office	2127

Five Years Financial Summary

	1.1.2013 to 31.12.2013 RMB'000	1.1.2012 to 31.12.2012 RMB'000 (restated)	1.1.2011 to 31.12.2011 RMB'000 (restated)	1.1.2010 to 31.12.2010 RMB'000 (restated)	1.4.2009 to 31.3.2010 RMB'000
CONSOLIDATED RESULTS					
Revenue	**3,922,552**	4,433,008	2,285,701	3,459,113	1,617
Profit (loss) for the year attributable to owners of the Company	**2,007,981**	918,840	688,610	1,938,287	(11,210)
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	**29,204,399**	24,701,508	22,111,096	17,610,669	159,290
Total liabilities	**(11,140,182)**	(15,313,031)	(13,892,019)	(9,781,823)	(98,361)
Total equity	**18,064,217**	9,388,477	8,219,077	7,828,846	60,929
Equity attributable to owners of the Company	**13,244,741**	5,612,973	5,037,101	4,860,653	60,929

As detailed in note 2 to the consolidated financial statements, the Group has applied the principles of merger accounting to account for the 2012 Acquisition (as defined in note 2 to the consolidated financial statements) which would be reflected in the consolidated financial statements of the Group as a reverse acquisition of the Company by the Target Group (as defined in note 2 to the consolidated financial statements). Accordingly, the financial information for the three years ended 31 December 2012 had been restated. However, in the opinion of the directors, it is not practicable to restate the financial information for the year ended 31 December 2009, as the consolidated financial statements of the Target Group have not been prepared for that year.

Save as above, as detailed in notes 1 and 2 to the consolidated financial statements, the reporting period end date of the Existing Group (as defined in note 2 to the consolidated financial statements) was changed from 31 March to 31 December during the year 2012 to align the annual reporting period end date of the Existing Group with that of the ultimate holding company. Therefore, the consolidated financial statements of the Existing Group for the year 2009 as set out above cover the period from 1 April 2009 to 31 March 2010.

Deloitte.
德勤

TO THE MEMBERS OF COFCO LAND HOLDINGS LIMITED
(formerly The Hong Kong Parkview Group Limited)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of COFCO Land Holdings Limited (formerly The Hong Kong Parkview Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 103 to 193, which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	NOTES	Year ended 31 December 2013 RMB'000	2012 RMB'000 (restated) (Note 2)
Revenue	6	**3,922,552**	4,433,008
Cost of sales and services	11	**(1,584,452)**	(1,871,590)
Gross profit		**2,338,100**	2,561,418
Other income	8	**281,806**	246,183
Other gains and losses, net	9	**238,448**	(4,277)
Distribution and selling costs		**(231,973)**	(197,490)
Administrative expenses		**(566,161)**	(463,888)
Fair value gain of investment properties	16	**3,076,090**	678,915
Finance costs	10	**(169,092)**	(174,252)
Share of losses of associates		**(8,297)**	(18,011)
Profit before tax	11	**4,958,921**	2,628,598
Income tax expense	12	**(1,694,830)**	(962,050)
Profit for the year		**3,264,091**	1,666,548
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(50,100)**	(147)
Hedging instrument in cash flow hedge:			
Fair value loss during the year		**(169)**	(204)
Reclassification adjustment for loss included in profit or loss		**638**	343
Other comprehensive expense for the year		**(49,631)**	(8)
Total comprehensive income for the year		**3,214,460**	1,666,540
Profit for the year attributable to:			
Owners of the Company		**2,007,981**	918,840
Non-controlling interests		**1,256,110**	747,708
		3,264,091	1,666,548
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,958,350**	918,832
Non-controlling interests		**1,256,110**	747,708
		3,214,460	1,666,540
Basic earnings per share	14	**RMB33.0 cents**	RMB16.2 cents
Diluted earnings per share	14	**N/A**	N/A

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	At 31 December 2013 RMB'000	At 31 December 2012 RMB'000 (restated) (Note 2)	At 1 January 2012 RMB'000 (restated)
NON-CURRENT ASSETS				
Investment properties	16	**13,238,730**	10,186,577	9,173,660
Property, plant and equipment	17	**3,665,195**	3,879,794	3,327,039
Leasehold land and land use rights	18	**589,155**	1,011,761	585,151
Intangible assets	19	**1,146**	1,455	1,349
Properties under development	20	**1,231,098**	427,050	296,982
Interests in associates	21	**213,581**	218,125	219,626
Available-for-sale investments	22	**1,510**	1,510	1,510
Goodwill	23	**184,297**	184,297	–
Prepayments for construction/purchase of property, plant and equipment		**–**	45,078	109,538
Deferred tax assets	24	**158,116**	230,045	305,126
Loans to fellow subsidiaries	25	**–**	800,000	580,000
Loan to an associate		**–**	–	600,000
Amounts due from associates		**–**	–	313,359
Amounts due from fellow subsidiaries	30	**–**	–	402,416
		19,282,828	16,985,692	15,915,756
CURRENT ASSETS				
Inventories	26	**13,235**	14,760	15,041
Properties held for sale	27	**852,781**	1,529,657	1,587,538
Properties under development for sale	20	**469,356**	38,876	454,688
Accounts receivable	28	**47,157**	93,503	22,952
Deposits, prepayments and other receivables	29	**456,241**	666,173	474,694
Amounts due from the ultimate holding company	30	**727**	170,545	161,648
Amounts due from the immediate holding company	30	**–**	45,657	–
Amounts due from an intermediate holding company	30	**–**	29	3,261
Amounts due from fellow subsidiaries	30	**8,750**	161,435	80,412
Amounts due from associates	21	**–**	320,041	102,850
Amounts due from non-controlling interests	30	**35**	–	–
Loan to an associate	21	**–**	600,000	–
Loans to fellow subsidiaries	25	**–**	1,000,000	1,447,716
Tax recoverable		**128,125**	173,100	237,654
Pledged deposits	31	**4,042**	10,637	10,624
Cash and cash equivalents	31	**7,941,122**	2,891,403	1,596,262
		9,921,571	7,715,816	6,195,340

	NOTES	At 31 December 2013 RMB'000	2012 RMB'000 (restated) (Note 2)	At 1 January 2012 RMB'000 (restated)
CURRENT LIABILITIES				
Accounts payables	32	**630,172**	838,679	781,764
Other payables and accruals	33	**1,432,699**	1,243,703	1,130,995
Deposits received in respect of pre-sale of properties		**755,980**	1,018,466	1,509,849
Amounts due to the ultimate holding company	30	**5,455**	1,219,069	965,380
Amounts due to the immediate holding company	30	**–**	3,470,035	–
Amounts due to an intermediate holding company	30	**–**	90	178,161
Amounts due to fellow subsidiaries	39	**13,093**	688,173	3,436,484
Amounts due to non-controlling interests	30	**275,485**	287,616	397,934
Amounts due to associates	21	**–**	122	–
Loans from fellow subsidiaries	25	**–**	66,000	172,198
Loans from the ultimate holding company	34	**–**	12,000	–
Bank and other borrowings	35	**1,860,085**	1,380,958	990,447
Income tax and land appreciation tax payables		**1,446,550**	1,105,147	984,344
Derivative financial instruments	36	**213**	–	–
		6,419,732	11,330,058	10,547,556
NET CURRENT ASSETS/(LIABILITIES)		**3,501,839**	(3,614,242)	(4,352,216)
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,784,667**	13,371,450	11,563,540
NON-CURRENT LIABILITIES				
Rental deposits received		**2,210**	2,279	–
Loans from the ultimate holding company	34	**–**	108,000	120,000
Bank and other borrowings	35	**2,357,073**	2,158,360	1,750,897
Deferred tax liabilities	24	**2,360,383**	1,713,631	1,473,566
Derivative financial instruments	36	**–**	703	–
Deferred income		**784**	–	–
		4,720,450	3,982,973	3,344,463
NET ASSETS		**18,064,217**	9,388,477	8,219,077

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	At 31 December 2013 RMB'000	At 31 December 2012 RMB'000 (restated) (Note 2)	At 1 January 2012 RMB'000 (restated)
CAPITAL AND RESERVES				
Share capital	37	**667,941**	43,410	43,410
Reserves	39	**12,576,800**	5,569,563	4,993,691
Equity attributable to owners of the Company		**13,244,741**	5,612,973	5,037,101
Non-controlling interests		**4,819,476**	3,775,504	3,181,976
TOTAL EQUITY		**18,064,217**	9,388,477	8,219,077

The consolidated financial statements on pages 103 to 193 were approved and authorised for issue by the Board of Directors on 25 March 2014 and are signed on its behalf by:

ZHOU Zheng
DIRECTOR

HAN Shi
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company												
	Ordinary share capital RMB'000 (Note (c)) (Note 37)	**Share premium** RMB'000 (Note (c))	**Non-redeemable convertible preference shares** RMB'000 (Note (c)) (Note 38)	**Special reserve** RMB'000 (Note (c))	**Other reserve** RMB'000 (Note (b))	**Statutory reserve** RMB'000 (Note (a))	**Property revaluation reserve** RMB'000	**Hedging reserve** RMB'000	**Foreign currency translation reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2012 (restated)	43,410	–	–	(43,406)	19,015	192,351	17,000	–	(171,491)	4,980,222	5,037,101	3,181,976	8,219,077
Profit and total comprehensive income/(expense) for the year	–	–	–	–	–	–	–	139	(147)	918,840	918,832	747,708	1,666,540
Arising from the 2012 Acquisition (as defined in Note 2):													
– deemed consideration (Note 47)	–	–	–	293,675	–	–	–	–	–	–	293,675	–	293,675
– recognition of non-controlling interests (Note 47)	–	–	–	–	–	–	–	–	–	–	–	39,374	39,374
Group organisation (Note (b))	–	–	–	–	(288,561)	–	–	–	–	–	(288,561)	–	(288,561)
Dividend declared (Note 13)	–	–	–	–	–	–	–	–	–	(348,074)	(348,074)	–	(348,074)
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(193,554)	(193,554)
Statutory reserve appropriation	–	–	–	–	–	36,700	–	–	–	(36,700)	–	–	–
At 31 December 2012 and 1 January 2013 (restated)	43,410	–	–	250,269	(269,546)	229,051	17,000	139	(171,638)	5,514,288	5,612,973	3,775,504	9,388,477
Profit and other comprehensive income/(expense) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**469**	**(50,100)**	**2,007,981**	**1,958,350**	**1,256,110**	**3,214,460**
Arising from the Reverse Takeover Transaction (as defined in Note 2):													
Issue of Consideration Shares (Note 37)	**470,810**	**8,945,394**	**-**	**(9,416,204)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issue of non-redeemable convertible preference shares (Note 38)	**-**	**-**	**1,722,317**	**(1,722,317)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Elimination of shareholder's loan owing by the Target Group	**-**	**-**	**-**	**-**	**2,617,690**	**-**	**-**	**-**	**-**	**-**	**2,617,690**	**-**	**2,617,690**
Reattribute of non-controlling interests of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,374**	**39,374**	**(39,374)**	**-**
Placing of new shares (Note 37)	**153,721**	**2,920,711**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,074,432**	**-**	**3,074,432**
Share issue expenses (Note 37)	**-**	**(58,078)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(58,078)**	**-**	**(58,078)**
Dividend declared to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(206,000)**	**(206,000)**
Statutory reserve appropriate	**-**	**-**	**-**	**-**	**-**	**47,461**	**-**	**-**	**-**	**(47,461)**	**-**	**-**	**-**
Contribution from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33,236**	**33,236**
At 31 December 2013	**667,941**	**11,808,027**	**1,722,317**	**(10,888,252)**	**2,348,144**	**276,512**	**17,000**	**608**	**(221,738)**	**7,514,182**	**13,244,741**	**4,819,476**	**18,064,217**

Notes:

(a) The amount mainly represents statutory reserve of the companies registered in the People's Republic of China ("PRC"). According to the relevant laws in the PRC, companies established in the PRC are required to transfer their net profit after tax, as determined under the PRC GAAP, to a non-distributable reserve fund before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

(b) Other reserve includes balances arising on using the principles of merger accounting to account for business combinations involving entities under common control of RMB288,561,000. In May 2012, certain entities in the Target Group (as defined in Note 2) acquired the entire equity interests in certain companies comprising the Target Group from certain fellow subsidiaries of COFCO Land (as defined in Note 2) at an aggregate consideration of RMB288,561,000 (the "Restructuring Arrangement"). The consideration was settled through the current account balances with these fellow subsidiaries. COFCO Land, the acquired entities and the Target Group entities are ultimately controlled by COFCO Corporation before and after the Restructuring Arrangement. The Restructuring Arrangement is considered as business combinations involving entities under common control and has been accounted for using the principles of merger accounting, based on the guidance set out in Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants. An amount of RMB288,561,000 represents the consideration payable to these fellow subsidiaries is therefore adjusted to other reserve.

(c) Issued equity comprises of ordinary share capital of the Company, share premium, non-redeemable convertible preference shares and special reserve.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,958,921**	2,628,598
Adjustments for:		
Finance costs recognised in profit or loss	**169,092**	174,252
Interest income recognised in profit or loss	**(238,012)**	(206,914)
Share of losses of associates	**8,297**	18,011
Gain on disposal of an associate	**(231,988)**	–
Impairment loss on property, plant and equipment	**85,374**	–
Amortisation of intangible assets	**1,141**	534
Amortisation of leasehold land and land use rights	**18,897**	18,003
Depreciation of property, plant and equipment	**223,639**	214,143
Fair value gain of investment properties	**(3,076,090)**	(678,915)
Reversal of impairment loss on properties under development	**–**	(291)
(Reversal of impairment loss)/impairment loss on accounts receivable	**(329)**	197
Impairment loss on other receivables	**10,439**	1,241
Reversal of impairment on inventories	**(32)**	–
Loss on disposal of property, plant and equipment	**409**	796
Operating cash flows before movements in working capital	**1,929,758**	2,169,655
Decrease in inventories	**1,557**	281
Decrease in properties held for sale	**815,879**	1,094,702
Increase in properties under development for sale	**(163,483)**	(689,114)
Decrease/(increase) in accounts receivable	**46,675**	(70,748)
Decrease/(increase) in deposits, prepayments and other receivables	**199,677**	(190,887)
(Decrease)/increase in accounts payable	**(208,507)**	56,915
Increase in other payables and accruals	**188,884**	107,188
Decrease in deposits received in respect of pre-sale of properties	**(262,486)**	(491,383)
Increase in deferred income	**896**	–
Decrease/(increase) in pledged deposits	**6,595**	(13)
Increase/(decrease) in other financial liabilities	**469**	(843)
(Increase)/decrease in rental deposits	**(69)**	2,278
Increase in amounts due from the ultimate holding company	**(727)**	–
Increase in amounts due from fellow subsidiaries	**(8,750)**	–
Increase in amounts due to the ultimate holding company	**5,455**	–
Increase in amounts due to fellow subsidiaries	**13,093**	–
Cash generated from operations	**2,564,916**	1,988,031
PRC Enterprise Income Tax and Hong Kong profits tax paid	**(331,310)**	(345,711)
Land Appreciation Tax paid	**(257,778)**	(116,006)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,975,828**	1,526,314

	Year ended 31 December 2013 RMB'000	2012 RMB'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**238,012**	206,914
Payments for property, plant and equipment	**(53,582)**	(213,800)
Payments for property under development	**(805,789)**	(490,870)
Payments for intangible assets	**(832)**	(640)
Payments for investment properties	**(43,390)**	(8,625)
Payments for leasehold land and land use rights	**(3,778)**	(445,777)
Proceeds from disposal of property, plant and equipment	**4,483**	1,438
Proceeds from disposal of an associate	**232,754**	–
Net cash inflows arising from the acquisition of the Existing Group (Note 47)	**–**	1,296
Loans to fellow subsidiaries	**(200,000)**	(220,000)
Repayment of loans to fellow subsidiaries	**2,000,000**	447,716
Repayment of loan to an associate	**600,000**	–
Decrease/(increase) in amounts due from the ultimate holding company	**170,545**	(8,897)
Decrease/(increase) in amounts due from the immediate holding company	**45,657**	(45,657)
Decrease in amounts due from an intermediate holding company	**29**	3,232
Decrease in amounts due from fellow subsidiaries	**161,435**	321,393
Decrease in amounts due from associates	**320,041**	79,659
Increase in amounts due from non-controlling interests	**(35)**	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**2,665,550**	(372,618)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(169,092)**	(233,571)
Proceeds from bank and other borrowings	**1,570,110**	795,668
Repayment of bank and other borrowings	**(887,038)**	(170,000)
Loans from fellow subsidiaries	**319,000**	–
Repayment of loans from fellow subsidiaries	**(385,000)**	(106,198)
Proceeds from placing of new shares (Note 37)	**3,074,432**	–
Share issue expenses (Note 37)	**(58,078)**	–
Repayment of loan from the ultimate holding company	**(120,000)**	–
(Decrease)/increase in amounts due to the ultimate holding company	**(1,219,069)**	253,689
Decrease in amounts due to an intermediate holding company	**(90)**	(178,071)
(Decrease)/increase in amounts due to the immediate holding company	**(838,095)**	3,181,474
Decrease in amounts due to fellow subsidiaries	**(688,173)**	(2,748,311)
Increase/(decrease) in amounts due to non-controlling interests	**22,837**	(110,318)
(Decrease)/increase in amounts due to associates	**(122)**	122
Repayment of advances from related companies	**–**	(601)
Dividend paid to non-controlling interests	**(206,000)**	(193,554)
Dividend paid	**–**	(348,074)
Net payment on interest rate swap	**(490)**	(343)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**415,132**	141,912
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,056,510**	1,295,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**2,891,403**	1,596,262
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(6,791)**	(467)
CASH AND CASH EQUIVALENTS, END OF YEAR, represented by bank balances and cash, and deposits with a non-bank financial institution (Note 31)	**7,941,122**	2,891,403

1. GENERAL INFORMATION

COFCO Land Holdings Limited (formerly The Hong Kong Parkview Group Limited) (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to a special resolution in relation to the change of company name passing at the special general meeting of the Company on 18 December 2013, the name of the Company was changed from The Hong Kong Parkview Group Limited to COFCO Land Holdings Limited with effective from 19 December 2013.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in investment holding, property investment and development, property management and hotel operations.

In the opinion of the directors of the Company, as at 31 December 2013, the ultimate holding company of the Company is COFCO Corporation, a company established in the People's Republic of China (the "PRC").

Upon the completion of the Reverse Takeover Transaction (as defined in Note 2), the Group changed the presentation currency of its consolidated financial statements from Hong Kong Dollar ("HK$") to Renminbi ("RMB") because, in the opinion of the directors of the Company, this could better reflect the Group's business (majority of which is located in the PRC) since then and could provide users with more comparable information with other companies in similar industries. Comparative figures have been represented in RMB.

During the prior financial period, the reporting period end date of the Existing Group (as defined in Note 2) was changed from 31 March to 31 December because the directors of the Company determined to align the annual reporting period end date of the Existing Group with that of the ultimate holding company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 19 December 2013, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application was completed. The Company acquired from COFCO Land Limited ("COFCO Land") (i) 78% of the issued share capital of Jetway Developments Limited ("Jetway"); (ii) all the issued share capital of Action Express Investments Limited, Business Long Limited, COFCO (BVI) No. 94 Limited, COFCO Hotel Holdings Limited, Elab, Corp., Full Praise Limited, Hero Zone Group Limited, Neo Peak Group Limited, Sunny Ease Limited, Wise Ever Limited, Nouveau Project Consultants Limited, Top Glory International (Administration) Limited and Top Glory International (Real Estate Agencies) Limited (collectively, together with Jetway, the "Target Companies"); and (iii) the shareholder's loan of HK$3,329 million (equivalent to approximately RMB2,618 million) which were outstanding and owing by certain of the Target Companies to COFCO Land immediately before the completion of the acquisition of the Target Companies (together with the acquisition of the Target Companies, referred to as the "Transaction"), by the allotment and issue of 5,988,199,222 ordinary shares of the Company at the issue price of HK$2.00 each (the "Consideration Shares") and 1,095,300,778 new non-redeemable convertible preference shares of the Company at the issue price of HK$2.00 each to Achieve Bloom Limited ("Achieve Bloom"), the immediate holding company of the Company and COFCO Land.

COFCO Land is the immediate holding company of the Target Companies immediately before the completion of the reverse takeover transaction (the "Reverse Takeover Transaction"). The Target Companies and their subsidiaries (the "Target Group") are principally engaged in investment holding, property investment and development, property management and hotel operations.

The details of the Reverse Takeover Transaction are set out in the Company's circular dated 30 November 2013.

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

The Reverse Takeover Transaction

On 16 July 2012, a share purchase agreement was entered into between Achieve Bloom and certain then shareholders (collectively the "Vendors") of the Company (together with its subsidiaries before the completion of the Reverse Takeover Transaction, collectively the "Existing Group") to acquire approximately 73.53% of the then entire issued share capital of the Company for a total cash consideration of HK$362,180,000 (equivalent to approximately RMB293,675,000, the "Consideration") (the "2012 Acquisition"). The 2012 Acquisition was completed on 23 July 2012.

The Transaction involves acquisition of assets from COFCO Land within 24 months of Achieve Bloom gaining control of the Company and, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), constitutes a reverse takeover of the Company by the Target Group.

As the Existing Group and the Target Group came under common control of Achieve Bloom from 23 July 2012 and Achieve Bloom continued to control the Company upon completion of the Transaction, the Transaction is considered as a combination of businesses under common control and accounted for under merger basis. In applying merger accounting, the 2012 Acquisition would be reflected in the consolidated financial statements of the Group as a reverse acquisition of the Company by the Target Group which is deemed as the accounting acquirer taking into consideration of the requirements under Hong Kong Financial Reporting Standard 3 (Revised) *Business Combinations* ("HKFRS 3 (Revised 2008)").

These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Target Group and accordingly:

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

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3 (Revised 2008) on 23 July 2012; and

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

In preparing these consolidated financial statements, the Group has applied the acquisition method of accounting to reflect the reverse acquisition, the Consideration of the 2012 Acquisition paid by Achieve Bloom is the deemed consideration paid by the Target Group to acquire the Existing Group as at 23 July 2012 ("Deemed Consideration").

In addition, the directors of COFCO Land have assessed the fair values of the identifiable assets acquired and liabilities assumed of the Existing Group at 23 July 2012 of HK$183,450,000 (equivalent to approximately RMB148,752,000) and are of the opinion that the then fair values of identifiable assets and liabilities of the Existing Group approximated to their carrying amounts as at 23 July 2012.

Goodwill arising on the acquisition of the Existing Group of approximately RMB184,297,000, being the excess of the Deemed Consideration and the amount of non-controlling interests in the Existing Group over the fair values of the identifiable assets acquired and liabilities assumed of the Existing Group at 23 July 2012, was recorded.

The separately identifiable assets and liabilities of the Existing Group were recorded in the consolidated statement of financial position at their fair value upon the completion date of the 2012 Acquisition. The results of the Existing Group have been consolidated to the Company's consolidated financial statements since the completion date of the 2012 Acquisition. Further details of the 2012 Acquisition are set out in Note 47 to the consolidated financial statements.

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

The Group has applied for the first time in the current year the new and revised HKFRSs issued by The Hong Kong Institute of Certified Public Accountants which are effective for the financial year ended 31 December 2013.

Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

- recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and
- recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The Group does not have any offsetting arrangements or any master netting agreements in place. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

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

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

The impact of the application of these standards that are relevant to the Group is set out below:

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee particularly, when an investor owns less than 50% of the voting rights in an investee. The application of HKFRS 10 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 49 for details).

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

HKFRS 13 *Fair Value Measurement*

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

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (Note 16). Other than the additional disclosures, the application of HKFRS 13 has had no material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

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

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

Other than described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the consolidated financial statements.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*[1]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[2]
Amendments to HKFRS 9 and HKFRS 7	*Mandatory effective date of HKFRS 9 and transition disclosures*[3]
Amendments to HKAS 32	*Offsetting Financial Assets and Financial liabilities*[1]
Amendments to HKAS 36	*Recoverable Amount disclosures for Non-financial Assets*[1]
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010-2012 Cycle*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011-2013 Cycle*[2]
HKFRS 9	*Financial Instruments*[3]
HK(IFRIC) – Int 21	*Levies*[1]

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

Other than as further explained below, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described below:

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

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

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

HKFRS 9 *Financial Instruments* (continued)

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

The directors of the Company anticipate that the adoption of HKFRS 9 in the future would not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2013 and the new hedge accounting requirements would not have significant impact on the Group's consolidated financial statements as the Group's hedging activity is insignificant.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's financial statements as the Group does not have any derivatives that are subject to novation.

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. For non-financial assets, fair value measurement takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or selling it to another market participants that use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss.

An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investment properties

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

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost less impairment until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the previous carrying amount is recognised in profit or loss in that period.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and buildings held for use in the production or supply of goods and services, or for administrative purposes, (other than properties under development, as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost or deemed cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method, from the date when it is available for use and after taking into account of their estimated residual values. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Leasehold land and land use rights

Leasehold land and land use rights represent the Group's interests in land held under operating leases and are initially recognised at cost and subsequently amortised on the straight-line basis over the lease terms.

Properties held for sale/properties under development for sale

Properties under development for sale under current assets are properties under development held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the costs of land and development expenditure incurred. Net realisable value is determined based on prevailing market conditions. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated cost to completion. Upon completion, the properties are transferred to properties held for sale.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal or partial disposal of the Group's interest in an associate in which the Group lost significant influence and discontinued the use of equity method, any retained interest that is within the scope of HKAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate at the date, and the proceeds from disposing of such interest (or partial interest) in the associate and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the Group lost significant influence over the investee.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating unit for which a reasonable and consistent allocation basis can be identified.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities of the Group (including accounts and other payables, amounts due to holding companies, fellow subsidiaries, associates and non-controlling interests, loans from fellow subsidiaries and the ultimate holding company, and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

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

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Hedge accounting

The Group designates the derivatives as hedging instruments for a cash flow hedge of the interest payments on the variable-rate bank loan (cash flow hedges).

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses, net" item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Leasing

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

The Group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised a straight-line basis over the lease term.

The Group as lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "leasehold land and land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis, except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual entities comprising the Group, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the each of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Taxation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Other than deferred tax liabilities related to investment properties which are presumed to be recovered from sale, the measurement of other deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Group's PRC companies are required to contribute certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts. Specifically, revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers, at which time all of the following criteria are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income in respect of properties under operating leases is recognised on a straight-line basis over the respective lease term.

Revenue from the provision of property agency and management services is recognised when the relevant services are provided.

Revenue from hotel operation and management is recognised when the relevant services are provided.

Primary land development income, which relates to the provision of land development service, is recognised when such services are rendered.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred tax on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties.

With regards to the Group's investment properties located in Mainland China, the directors of the Company considered that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, the directors of the Company have determined that the presumption that the carrying amounts of investment properties located in Mainland China measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group recognised deferred taxes on changes in fair value of the Group's investment properties located in Mainland China on the basis that the entire carrying amounts of these properties are recovered through use.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Operating lease commitments – Group as lessor

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

Classification between investment properties and owner-occupied properties

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

Revenue recognition of income from primary land development

The Group has entered project management service contracts with the PRC local government in relation to primary land development projects. The Group generates service income from conducting land preparation work on primary land held by the PRC local government to make it ready for construction use. The service fees are paid by the PRC local government to the Group based on the land development progress. The Group is entitled to a final service fee with reference to the transfer price of the relevant land use right on the relevant primary land parcel. In making their judgement, the directors of the Company considered the detailed criteria for the recognition of revenue from providing services set out in HKAS 11 *Construction Contract*. Revenue is recognised only to the extent of contract costs incurred that it is possible to be recoverable. Service fees received before the related work is performed are included in other payables and accruals.

Key sources of estimation uncertainty

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

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss. Details are set out in Note 16.

Deferred tax

At 31 December 2013, deferred tax assets of RMB331,195,000 (31 December 2012 (restated): RMB302,469,000) mainly in relation to unrealised profit on intra-group transfer of land, tax losses and land appreciation tax ("LAT") have been recognised as set out in Note 24. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the subsidiaries for coming years during which the deferred tax assets are expected to be utilised. The directors of the Company will review the assumptions and profit projections by the end of each reporting period. In cases where the actual future profits generated are less than expected or there is a downward revision of estimated future profits, a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

LAT

Certain subsidiaries of the Group are subject to LAT in the PRC. However, the implementation of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations with the local tax authorities in the PRC.

Accordingly, significant judgement is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the period in which such tax is finalised with local tax authorities.

Impairment on properties held for sale

Impairment on properties held for sale is made based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the properties are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of properties held for sale and the amount of impairment loss/write-back of impairment loss in the periods in which such estimates have been changed.

The aggregate carrying amount of properties held for sale as at 31 December 2013 was RMB852,781,000 (31 December 2012 (restated): RMB1,529,657,000).

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable in accordance with the accounting policies as disclosed in the relevant parts in Note 4 to the consolidated financial statements. The recoverable amount of the property, plant and equipment is the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. The carrying amount of property, plant and equipment at 31 December 2013 was RMB3,665,195,000 (31 December 2012 (restated): RMB3,879,794,000).

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period based on changes in circumstances.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Recognition and allocation of construction cost on properties under development for sale

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

When developing properties, the Group may divide 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 saleable area of the entire project.

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.

6. REVENUE

An analysis of the Group's revenue, which is also turnover of the Group, for the year is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000 (restated)
Property investment and development:		
Sales of properties held for sale	**2,401,241**	3,166,021
Gross rental income from investment properties	**389,467**	357,895
Service income for primary land development*	**116,712**	62,704
Property management and related services	**115,834**	124,878
Other property related service income	**87,403**	86,118
	3,110,657	3,797,616
Hotel operations:		
Hotel room revenue	**549,932**	412,939
Other ancillary service	**261,963**	222,453
	811,895	635,392
Total revenue	**3,922,552**	4,433,008

* Amount arising from services provided on primary development for leasehold land.

7. SEGMENT INFORMATION

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the directors of the Company based on the units by reference to the goods sold or services provided. These operating units are the basis of internal reports provided to the directors of the Company, the chief operating decision maker.

Specifically, the Group's reportable and operating segments, based on information reported to the directors of the Company for the purpose of resource allocation and performance assessment, under HKFRS 8 are as follows:

Property and land development	Development and sale of properties
Property investment	Property letting
Property management and related services	Provision of agency services and property management services
Hotel operations	Hotel ownership and management

Information regarding the above segments is reported below.

Segment revenue and segment results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Property and land development RMB'000	**Property investment** RMB'000	**Property management and related services** RMB'000	**Hotel operations** RMB'000	**Total** RMB'000
Year ended 31 December 2013					
Segment revenue					
External customers	**2,517,953**	**389,467**	**203,237**	**811,895**	**3,922,552**
Inter-segment revenue	**–**	**45**	**–**	**40**	**85**
Consolidated	**2,517,953**	**389,512**	**203,237**	**811,935**	**3,922,637**
Segment results	**1,476,932**	**3,344,699**	**73,535**	**(125,006)**	**4,770,160**
Unallocated corporate income					**172,900**
Unallocated corporate expenses					**(38,738)**
Gain on disposal of an associate					**231,988**
Finance costs					**(169,092)**
Share of losses of associates					**(8,297)**
Profit before tax as presented in consolidated statement of profit or loss and other comprehensive income					**4,958,921**

7. SEGMENT INFORMATION (continued)

Segment revenue and segment results (continued)

	Property and land development RMB'000	Property investment RMB'000	Property management and related services RMB'000	Hotel operations RMB'000	Total RMB'000
Year ended 31 December 2012 (restated)					
Segment revenue					
External customers	3,228,725	357,895	210,996	635,392	4,433,008
Inter-segment revenue	–	2,531	9,918	–	12,449
Consolidated	3,228,725	360,426	220,914	635,392	4,445,457
Segment results	1,862,185	880,965	61,098	(155,733)	2,648,515
Unallocated corporate income					185,246
Unallocated corporate expenses					(12,900)
Finance costs					(174,252)
Share of losses of associates					(18,011)
Profit before tax as presented in consolidated statement of profit or loss and other comprehensive income					2,628,598

Inter-segment revenue was charged at prices agreed between group entities.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results represents the profit earned/loss incurred by each segment without allocation of central administration costs, certain corporate income and expenses, share of results of associates, gain on disposal of an associate, finance costs and income tax expense. This is the measure reported to the directors of the Company for the purposes of resource allocation and performance assessment.

Fair value gain on investment properties forms part of the segment result of property investment.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the directors of the Company for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION (continued)

Geographical information

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods and properties were delivered.

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Mainland China	**3,837,098**	4,353,673
Hong Kong	**85,454**	79,335
	3,922,552	4,433,008

Information about the Group's non-current assets by location is detailed below.

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Mainland China	**16,780,119**	13,599,608
Hong Kong	**2,158,786**	2,170,232
	18,938,905	15,769,840

Non-current assets exclude goodwill, deferred tax assets, available-for-sale investments and loans to fellow subsidiaries.

Information about major customer

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue for the year (2012: Nil).

7. SEGMENT INFORMATION (continued)

Other information

Amounts included in the measure of segment profit or loss.

	Property and land development RMB'000	Property investment RMB'000	Property management and related services RMB'000	Hotel operations RMB'000	Total RMB'000
Year ended 31 December 2013					
Impairment loss of accounts and other receivables	**9,445**	**–**	**425**	**240**	**10,110**
Depreciation of property, plant and equipment	**52,387**	**127**	**2,071**	**169,054**	**223,639**
Impairment of property, plant and equipment	**85,374**	**–**	**–**	**–**	**85,374**
Amortisation of leasehold land and land use rights	**2,194**	**–**	**1,229**	**15,474**	**18,897**
Fair value gain of investment properties	**–**	**3,076,090**	**–**	**–**	**3,076,090**
Year ended 31 December 2012 (restated)					
Impairment loss/(reversal of impairment loss) of accounts and other receivables	981	1	(112)	568	1,438
Depreciation of property, plant and equipment	46,533	67	1,408	166,135	214,143
Amortisation of leasehold land and land use rights	2,283	–	1,074	14,646	18,003
Fair value gain of investment properties	–	678,915	–	–	678,915

8. OTHER INCOME

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Interest income from:		
Banks	**29,896**	4,319
Deposits placed with a non-bank financial institution*	**4,388**	22,251
Loans to fellow subsidiaries	**107,760**	132,247
Loans to associates	**95,968**	48,097
Government grants**	**41,654**	37,178
Reversal of long service payment provision	**–**	982
Others	**2,140**	1,109
	281,806	246,183

* The non-bank financial institution is COFCO Finance Corporation Limited ("COFCO Finance"), a fellow subsidiary of the Group.

** Various government grants have been received for developments in certain provinces in Mainland China. The government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development. There are no unfulfilled conditions or contingencies relating to these grants.

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Gain on disposal of an associate	**231,988**	–
Impairment loss on property, plant and equipment (Note 17)	**(85,374)**	–
Reversal of impairment loss/(impairment loss) on accounts receivable, net	**329**	(197)
Impairment loss on other receivables, net	**(10,439)**	(1,241)
Reversal of impairment loss on properties under development	**–**	291
Reversal of impairment on inventories	**32**	–
Loss on disposal of property, plant and equipment	**(409)**	(796)
Exchange gains/(losses), net	**102,321**	(2,334)
	238,448	(4,277)

10. FINANCE COSTS

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Interest on:		
Bank borrowings wholly repayable within five years	**121,468**	161,148
Bank borrowings not wholly repayable within five years	**89,312**	32,886
Loans from COFCO Finance	**7,313**	13,700
Loans from fellow subsidiaries	**17,595**	27,847
Other finance costs	**1,009**	–
Total interest expenses	**236,697**	235,581
Reclassification adjustment on cash flow hedge	**638**	343
Less: Interest capitalised for properties under development (Note 20)	**(68,243)**	(61,672)
Finance costs	**169,092**	174,252

Borrowing costs capitalised to properties under development for sale were based on actual borrowing costs incurred for respective specific borrowings as disclosed in Note 35.

11. PROFIT BEFORE TAX

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments (Note 15)	**288**	96
Amortisation of intangible assets	**1,141**	534
Amortisation of leasehold land and land use rights	**18,897**	18,003
Depreciation of property, plant and equipment*	**223,639**	214,143
Cost of sales and services including:		
Cost of properties sold	**835,175**	1,186,795
Cost of properties letting	**92,566**	90,745
Cost of primary land development services provided	**71,355**	62,704
Cost of property management and related services	**82,298**	73,374
Cost of hotel services provided	**478,565**	431,290
Other direct costs	**24,493**	26,682
	1,584,452	1,871,590
Gross rental income for investment properties	**(389,467)**	(357,895)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**92,566**	90,745
	(296,901)	(267,150)
Staff costs (including directors' emoluments (Note 15)):		
Salaries, allowances and other benefits	**303,724**	295,603
Retirement benefit scheme contributions	**55,228**	46,412
	358,952	342,015
Auditors' remuneration	**2,050**	284

* Depreciation of property, plant and equipment of RMB188,235,000 for the year ended 31 December 2013 (2012: RMB187,926,000 (restated)) was included in cost of sales and services on the consolidated statement of profit or loss and other comprehensive income.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Current tax:		
Mainland China		
Charge for the year	**452,528**	256,040
LAT	**507,706**	323,299
Dividend withholding tax	**7,126**	58,850
Hong Kong		
Charge for the year	**8,565**	8,885
	975,925	647,074
Deferred tax (Note 24)	**718,905**	314,976
	1,694,830	962,050

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit during the year.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") effective from 1 January 2008 and Implementation Regulation of the EIT Law, the statutory EIT rate of PRC companies in the Group is 25% during the current and prior years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

Pursuant to the rules and regulations of the BVI and Samoa, the Group is not subject to any income tax in the BVI and Samoa.

12. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Profit before tax	**4,958,921**	2,628,598
Tax at PRC enterprise income tax rate of 25%	**1,239,730**	657,150
Lower tax rates for entities of the Group operating in other jurisdictions	**(26,918)**	(16,119)
PRC LAT	**507,706**	323,299
Tax effect of PRC LAT	**(126,927)**	(80,825)
Tax effect of expenses not deductible for tax purpose	**67,507**	27,235
Tax effect of income not taxable for tax purpose	**(81,315)**	(71,437)
Tax effect of tax losses not recognised	**49,124**	48,288
Tax effect of reversal of tax losses previously recognised	**27,445**	–
Tax effect of utilisation of, and recognition of deferred tax on, tax losses not previously recognised	**(18,881)**	(17)
Tax effect of share of losses of associates	**2,074**	4,503
Effect of withholding tax on undistributed profits	**33,948**	53,185
Others	**21,337**	16,788
Income tax expense for the year	**1,694,830**	962,050

13. DIVIDENDS

No dividend in respect of ordinary shares has been proposed, paid or declared by the Company for the current and prior years.

During the year ended 31 December 2012, certain subsidiaries of the Target Group made distributions to their immediate holding companies, which are not part of the Group, in an aggregate amount of RMB348,074,000.

14. EARNINGS PER SHARE

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**2,007,981**	918,840

	Year ended 31 December	
	2013	2012
		(restated)
Number of shares ('000)		
For the purpose of basic earnings per share:		
Weighted average number of ordinary shares	**4,987,776**	4,561,101
Number of non-redeemable convertible preference shares (Note 38)	**1,095,301**	1,095,301
Weighted average number of shares for the purpose of basic earnings per share	**6,083,077**	5,656,402

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2012 is calculated on the basis of the number of the Consideration Shares (excluding the Consideration Shares deemed to be issued for the shareholder's loan) and non-redeemable convertible preference shares issued pursuant to the Reverse Takeover Transaction as the consideration to acquire the Target Group as detailed in Note 2 and the weighted average number of shares of the Company in issue from the completion date of the 2012 Acquisition as detailed in Note 2.

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2013 is calculated on the basis of the number of the Consideration Shares (excluding the Consideration Shares deemed to be issued for the shareholder's loan) and non-redeemable convertible preference shares issued pursuant to the Reverse Takeover Transaction as the consideration to acquire the Target Group as detailed in Note 2, the weighted average number of shares of the Company in issue during the year and the weighted average number of shares deemed to be issued for the shareholder's loan from the completion date of the Reverse Takeover Transaction as detailed in Note 2.

No diluted earnings per share for the years ended 31 December 2013 and 2012 is presented as there was no potential ordinary share in issue during both years.

15. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEE'S EMOLUMENTS

Directors' and chief executive officer's emoluments

Details of the emoluments paid to the directors of the Company for the year are as follows:

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2013				
Executive directors				
MA Jianping (Note a)	–	–	–	–
ZHOU Zheng (Note a)	–	–	–	–
HAN Shi (Note a)	–	–	–	–
Non-executive directors				
MA Jianping (Note a)	–	–	–	–
SHI Zhuowei (Note a)	–	–	–	–
MA Wangjun (Note a)	–	–	–	–
JIANG Hua (Note b)	–	–	–	–
Independent non-executive directors				
LAU Hon Chuen, Ambrose	96	–	–	96
LAM Kin Ming, Lawrence	96	–	–	96
WU Kwok Cheung	96	–	–	96
Total	288	–	–	288

15. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEE'S EMOLUMENTS (continued)

Directors' and chief executive officer's emoluments (continued)

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2012				
Executive directors				
MA Jianping (Note a)	–	–	–	–
ZHOU Zheng (Note a)	–	–	–	–
HAN Shi (Note a)	–	–	–	–
WONG Kin Wah, George (Note c)	–	–	–	–
HWANG Yiou Hwa, Victor (Note c)	–	–	–	–
HWANG Yiu Hwa, Richard (Note c)	–	–	–	–
HWANG Teh Hwa, Tony (Note c)	–	–	–	–
Non-executive directors				
SHI Zhuowei (Note a)	–	–	–	–
MA Wangjun (Note a)	–	–	–	–
Independent non-executive directors				
LAU Hon Chuen, Ambrose	32	–	–	32
LAM Kin Ming, Lawrence	32	–	–	32
WU Kwok Cheung	32	–	–	32
Total	96	–	–	96

Notes:

(a) Each of the individual was appointed as a director of the Company on 28 August 2012. Mr. MA Jianping was also appointed as the chairman of the Company on the same day. Mr. MA Jianping was re-designated as a non-executive director and Mr. ZHOU Zheng was appointed as the chairman of the Company with effect from 19 December 2013.

(b) Ms. JIANG Hua was appointed as a non-executive director of the Company on 27 March 2013.

(c) Each of the individual was resigned as a director of the Company on 28 August 2012.

The remuneration of the executive directors is borne by the ultimate holding company and its subsidiaries during the current and prior years.

None of the directors has waived or agree to waive any emoluments in the current and prior years.

15. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEE'S EMOLUMENTS (continued)

Employees

Of the five individuals with the highest emoluments in the Group, none of them (2012: nil) are directors of the Company. The emoluments of the 5 (2012: 5) highest paid individuals are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000 (restated)
Salaries and other allowances	**7,949**	7,106
Retirement benefit scheme contributions	**190**	233
	8,139	7,339

The emoluments of the above individuals fell within the following bands:

	Year ended 31 December	
	2013	2012 (restated)
Number of individuals		
No more than HK$1,000,000 (Not more than approximately RMB799,000)	**–**	–
HK$1,000,001 – HK$1,500,000 (approximately RMB799,000 to RMB1,198,000)	**2**	–
HK$1,500,001 – HK$2,000,000 (approximately RMB1,198,000 to RMB1,597,000)	**–**	4
HK$2,000,001 – HK$2,500,000 (approximately RMB1,597,000 to RMB1,996,000)	**3**	1
	5	5

Saved as disclosed above, the directors of the Company confirm that no housing or other allowances, benefits in kind, contributions to pension scheme, discretionary bonus, inducement to join the Group, compensation for loss of any office in connection with the management of the affairs of any member of the Group has been made to the five highest paid individuals during the year ended 31 December 2013 (2012: Nil).

16. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At fair value			
At 1 January 2012 (restated)	8,766,660	407,000	9,173,660
Acquisition of the Existing Group (Note 47) (restated)	324,340	–	324,340
Additions on subsequent expenditure (restated)	–	8,625	8,625
Fair value gain (restated)	674,740	4,175	678,915
Exchange realignment (restated)	1,037	–	1,037
At 31 December 2012 (restated)	9,766,777	419,800	10,186,577
Additions on subsequent expenditure	–	43,390	43,390
Fair value gain	2,842,280	233,810	3,076,090
Exchange realignment	(67,327)	–	(67,327)
At 31 December 2013	12,541,730	697,000	13,238,730

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

The Group's completed investment properties and investment properties under development are analysed as follows:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (restated)
Properties held under medium term leases (10 to 50 years):		
– in Mainland China	**5,697,000**	2,925,813
Properties held under long term leases (over 50 years):		
– in Mainland China	**5,274,400**	5,164,408
– in Hong Kong	**2,267,330**	2,096,356
	13,238,730	10,186,577

At 31 December 2013, the Group's investment properties with an aggregate carrying amount of RMB4,065,855,000 (31 December 2012 (restated): RMB4,438,301,000), respectively, were pledged to secure banking facilities granted to the Group (Note 43).

At 31 December 2013, building ownership certificates in respect of an investment property of the Group in Sanya, Mainland China, with a carrying amount of RMB70,700,000 (31 December 2012 (restated): RMB70,880,000) had not been issued by the relevant PRC authorities. The directors of the Company anticipate that these certificates will be issued in the near future.

16. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Group's investment properties and investment properties under construction in Hong Kong and Mainland China at 31 December 2013 has been arrived at on the basis of a valuation carried out as at that date by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group.

The valuations were arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing status by making reference to comparable sales transactions as available in the relevant market, or where appropriate, by investment approach by capitalisation of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties. There has been no change in the valuation technique during the current and prior year.

For investment properties under development, the valuations were arrived at with adoption of direct comparison approach based on recent transaction prices of similar properties and adjust to reflect the conditions and locations of the subject property.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The amount of the change in fair value recognised in profit or loss were related to investment properties held at the end of each reporting period.

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

	Level 1	**Level 2**	**Level 3**	**Fair value at 31 December 2013**
	RMB'000	RMB'000	RMB'000	RMB'000
Commercial properties located in Hong Kong	–	–	2,267,330	2,267,330
Commercial properties located in Mainland China	–	–	5,778,400	5,778,400
Residential properties located in Mainland China	–	–	5,193,000	5,193,000
	–	–	13,238,730	13,238,730

There were no transfers into or out of Level 3 during the year.

16. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of the Group's major investment properties as at 31 December 2013 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

Major investment properties of the Group	Fair value hierarchy	Value technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Property 1 – Beijing COFCO Plaza, Beijing	Level 3	Income method – Capitalisation approach The key inputs are (a) capitalisation rate; (b) monthly unit rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 6% for both office and shop.	A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Monthly unit rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB268/sqm/month for office and RMB490/sqm/month for shop.	A slight increase in the monthly unit rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
Property 2 – Fraser Suites Top Glory, Shanghai	Level 3	Income method – Capitalisation approach The key inputs are: (a) capitalisation rate; (b) monthly unit rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 2.5%.	A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Monthly unit rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB224/sqm/month.	A slight increase in the monthly unit rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Major investment properties of the Group	Fair value hierarchy	Value technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Property 3 – Top Glory Tower, Hong Kong	Level 3	Income method – Capitalisation approach The key inputs are: (a) capitalisation rate; (b) monthly unit rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 3.85% for office and 3.5% for shop.	A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Monthly unit rent, using direct market comparables and taking into account of time, location and individual factors such as street frontage, size of property and age and condition, of RMB362-417/sqm on gross area per month for office and RMB1,455/sqm on gross area per month for shop.	A slight increase in the monthly unit rent used would result in a significant increase in fair value measurement of the investment properties, and vice versa.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties RMB'000	Leasehold improve-ments RMB'000	Hotel properties RMB'000	Equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Yacht RMB'000	Total RMB'000
Costs:							
At 1 January 2012 (restated)	465,432	30,229	2,593,810	849,070	83,908	–	4,022,449
Additions (restated)	–	6,935	253,326	6,517	11,482	–	278,260
Transfer from properties under development (Note 20) (restated)	217,598	1,659	180,538	91,075	–	–	490,870
Disposals (restated)	–	–	(2,596)	(3,669)	(5,840)	–	(12,105)
Exchange realignment (restated)	–	1	–	1	–	–	2
At 31 December 2012 (restated)	683,030	38,824	3,025,078	942,994	89,550	–	4,779,476
Additions	16,729	8,746	282	50,696	4,090	18,117	98,660
Transfer from properties under development (Note 20)	–	–	–	1,741	–	–	1,741
Reclassification	–	–	(72,238)	72,238	–	–	–
Disposals	–	–	–	(10,743)	(3,562)	–	(14,305)
Exchange realignment	–	(794)	–	(537)	(48)	–	(1,379)
At 31 December 2013	699,759	46,776	2,953,122	1,056,389	90,030	18,117	4,864,193
Accumulated depreciation and impairment:							
At 1 January 2012 (restated)	94,153	17,226	209,734	337,720	36,577	–	695,410
Charge for the year (restated)	16,277	3,424	112,053	69,446	12,943	–	214,143
Written back on disposals (restated)	–	–	(1,661)	(2,887)	(5,323)	–	(9,871)
At 31 December 2012 (restated)	110,430	20,650	320,126	404,279	44,197	–	899,682
Charge for the year	16,070	5,318	99,777	88,880	12,235	1,359	223,639
Impairment (Note)	85,204	–	–	170	–	–	85,374
Written back on disposals	–	–	–	(6,142)	(3,271)	–	(9,413)
Exchange realignment	–	(164)	–	(90)	(30)	–	(284)
At 31 December 2013	211,704	25,804	419,903	487,097	53,131	1,359	1,198,998
Carrying amounts:							
At 31 December 2013	488,055	20,972	2,533,219	569,292	36,899	16,758	3,665,195
At 31 December 2012 (restated)	572,600	18,174	2,704,952	538,715	45,353	–	3,879,794

Note: The impairment made during the year ended 31 December 2013 mainly relating to the abandonment of part of a property located in Mainland China for redevelopment purpose.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The properties of the Group shown above are held under the following lease terms:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Leasehold properties		
Held in Hong Kong under:		
Long lease (over 50 years)	**3,919**	4,548
Held in Mainland China under:		
Long lease (over 50 years)	**1,560**	1,593
Medium term lease (10 to 50 years)	**482,576**	566,459
	488,055	572,600
Hotel properties		
Held in Mainland China under:		
medium term lease (10 to 50 years)	**2,533,219**	2,704,952

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	1.8% to 10%
Leasehold improvements	Over the shorter of the term of the lease, and 10% to 25%
Hotel properties	2.5% to 10%
Equipment, furniture and fixtures and motor vehicles	5% to 20%
Yacht	10%

At 31 December 2013, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB2,409,036,000 (31 December 2012 (restated): RMB2,546,691,000) were pledged to secure banking facilities granted to the Group (Note 43).

At 31 December 2013, building ownership certificates in respect of certain leasehold properties and hotel properties of the Group in Mainland China with an aggregate net carrying amount of approximately RMB2,641,544,000 (31 December 2012 (restated): RMB2,765,633,000) had not been issued by the relevant PRC authorities. The directors of the Company anticipate that these certificates will be issued in the near future.

At 31 December 2013, building ownership certificates in respect of a hotel property of the Group in Sanya, Mainland China with an aggregate net carrying amount of approximately RMB81,720,000 (31 December 2012 (restated): RMB86,689,000) had not been issued by the relevant PRC authorities. Details of this non-compliance are set out in Note 40 to the consolidated financial statements.

18. LEASEHOLD LAND AND LAND USE RIGHTS

The carrying amount of leasehold land and land use rights is analysed as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Leasehold land in Hong Kong		
Long term lease (over 50 years)	**14,733**	17,052
Land use rights in Mainland China		
Long term lease (over 50 years)	**167,549**	546,716
Medium term lease (10 to 50 years)	**426,224**	467,160
	608,506	1,030,928
Analysed for reporting purposes as:		
Current assets (included in deposits, prepayments and other receivables (Note 29))	**19,351**	19,167
Non-current assets	**589,155**	1,011,761
	608,506	1,030,928

The amortisation of leasehold land and land use rights are charged to profit or loss on a straight-line basis over the term of the leases.

During the year ended 31 December 2013, the Group was in the process of obtaining title deeds from relevant government authorities for its land use rights in Mainland China amounting to RMB4,334,000 (31 December 2012 (restated): RMB4,462,000). The directors of the Company anticipate that these title deeds will be issued in the near future.

At 31 December 2013, land use rights with an aggregate carrying amount of RMB262,486,000 (31 December 2012 (restated): RMB211,133,000) were pledged to secure certain banking facilities granted to the Group (Note 43).

19. INTANGIBLE ASSETS

	RMB'000
Costs:	
At 1 January 2012 (restated)	3,340
Additions (restated)	640
At 31 December 2012 (restated)	3,980
Additions	832
At 31 December 2013	4,812
Accumulated amortisation:	
At 1 January 2012 (restated)	1,991
Amortisation provided during the year (restated)	534
At 31 December 2012 (restated)	2,525
Amortisation provided during the year	1,141
At 31 December 2013	3,666
Carrying amounts:	
At 31 December 2013	1,146
At 31 December 2012 (restated)	1,455

Intangible assets, which mainly represent purchased computer software, are stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

20. PROPERTIES UNDER DEVELOPMENT

	Properties under development for future owner-occupied purpose RMB'000	Properties under development for sale RMB'000	Total RMB'000
At 1 January 2012 (restated)	296,982	454,688	751,670
Additions (restated)	558,975	621,009	1,179,984
Interest capitalised during the year (restated) (Note 10)	61,672	–	61,672
Transfer to properties held for sale (restated)	–	(1,036,821)	(1,036,821)
Transfer to property, plant and equipment (restated) (Note 17)	(490,870)	–	(490,870)
Reversal of impairment (restated)	291	–	291
At 31 December 2012 (restated)	427,050	38,876	465,926
Additions	737,546	163,483	901,029
Interest capitalised during the year (Note 10)	68,243	–	68,243
Transfer from leasehold land and land use rights (Note)	–	406,000	406,000
Transfer to properties held for sale	–	(139,003)	(139,003)
Transfer to property, plant and equipment (Note 17)	(1,741)	–	(1,741)
At 31 December 2013	1,231,098	469,356	1,700,454

Note: The Group has decided the development plan of a piece of land during the year to construct properties for sale. Accordingly, the carrying amount of the land was reclassified from leasehold land and land use rights to properties under development for sale during the current year.

The Group's properties under development are on lands under medium-term leases (10 to 50 years) located in Mainland China.

Included in the properties under development for sale as at 31 December 2013 is carrying amount of nil (31 December 2012 (restated): RMB38,876,000) of which the development is expected to be completed and available for sale after more than twelve months from the end of the reporting period.

At 31 December 2013, properties under development for sale purpose with a carrying amount of RMB696,851,000 (31 December 2012 (restated): RMB27,786,000) were pledged to secure certain banking facilities granted to the Group (Note 43).

At 31 December 2013, certain properties under development for sale of the Group in Mainland China with an aggregate net carrying amount of approximately RMB469,356,000 (31 December 2012 (restated): RMB27,786,000) are subject to construction permit issued by the relevant PRC authorities.

21. INTERESTS IN ASSOCIATES

	At 31 December 2013 RMB'000	2012 RMB'000 (restated)
Cost of investments, unlisted	**94,398**	94,398
Share of post-acquisition profits	**119,183**	123,727
	213,581	218,125

At 31 December 2013 and 2012, the Group had interests in the following associates:

Company name	Place of establishment	Place of operations	Proportion of ownership interest and voting right At 31 December 2013	2012	Principal activities
成都悦城實業有限公司 (Chengdu Yuechang Real Estate Co., Ltd.**)	PRC	Chengdu, PRC	**30%**	30%	Property development
上海中糧置業務展有限公司 (Shanghai COFCO Property Development Co., Ltd.**)	PRC	Shanghai, PRC	**50%**	50%	Property investment and development
三亞天恩實業有限公司* (Sanya Tian'en Real Estate Co., Ltd.**)	PRC	Sanya, PRC	**– ***	49%*	Hotel operations

* Associate of non-wholly-owned subsidiary of the Group and, accordingly, accounted for as associate of the Group as the subsidiary holds over 20% of the voting power of this entity. This associate was disposed of during the year ended 31 December 2013 at a cash consideration of RMB232,754,000 and resulted in a gain of RMB231,988,000.

** The English names of the Chinese companies marked with "**" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

21. INTERESTS IN ASSOCIATES (continued)

Summarised financial information in respect of the assets, liabilities, revenue and expenses in aggregate for all individually immaterial associates which are accounted for using the equity method is set out below:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Current assets	**1,474,167**	1,487,387
Non-current assets	**357,352**	780,318
Total assets	**1,831,519**	2,267,705
Current liabilities	**1,149,596**	1,712,472
Non-current liabilities	**121,071**	142,567
Total liabilities	**1,270,667**	1,855,039

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Revenue	**521,816**	685,652
Loss for the year	**(9,487)**	(41,707)
Loss for the year shared by the Group	**(8,297)**	(18,011)

At 31 December 2012, the amounts due from associates included in the Group's current assets amounted to RMB320,041,000 (restated) and due to associates included in the Group's current liabilities amounted to RMB122,000 (restated), which were unsecured, interest-free and fully repaid during the current year.

At 31 December 2012, loan to an associate amounted to RMB600,000,000 was unsecured, bore interest at a rate of 5.04% per annum and fully repaid during the current year.

All receivable balances as at 31 December 2012 were not past due at the reporting date and there had not been a significant change in credit quality and the Group believed that the amounts are considered recoverable.

22. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Equity investments in the PRC:		
Unlisted equity securities	**1,510**	1,510

The above unlisted equity securities were issued by private entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

23. GOODWILL

The amounts of goodwill capitalised as an asset or recognised in the consolidated statement of financial position, arising from the Reverse Takeover Transaction, are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Cost and carrying amount		
Balance at beginning of year	**184,297**	–
Arising from the Reverse Takeover Transaction (Notes 2 and 47)	**–**	184,297
Balance at end of year	**184,297**	184,297

Goodwill is tested for impairment at least annually or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable in accordance with the accounting policies of the Group and the requirements of HKAS 36 *Impairment of Assets* ("HKAS 36"). The directors of the Company have assessed the impairment of goodwill in accordance with HKAS 36, which requires the recoverable amount of a cash generating unit (i.e. the Company and its subsidiaries) determined as the higher of its value in use or fair value less costs of disposal. The directors of the Company measured the fair value less costs of disposal of the cash generating unit by reference to the market price of the Company's shares quoted on the Stock Exchange and concluded that no impairment is considered necessary.

24. DEFERRED TAX

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Deferred tax assets	**158,116**	230,045
Deferred tax liabilities	**(2,360,383)**	(1,713,631)
	(2,202,267)	(1,483,586)

24. DEFERRED TAX (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets

	Unrealised profit on intra-group transfer of land	Land appreciation tax	Tax losses	Impairment of assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (restated)	250,778	207,479	30,761	906	6,374	496,298
Acquisition of the Existing Group (restated) (Note 47)	–	–	662	–	–	662
Credited/(charged) to profit or loss (restated) (Note 12)	(85,641)	(115,600)	6	(674)	7,418	(194,491)
At 31 December 2012 (restated)	165,137	91,879	31,429	232	13,792	302,469
Credited/(charged) to profit or loss (Note 12)	(63,953)	84,880	(27,445)	21,378	13,886	28,746
Exchange realignment	–	–	(20)	–	–	(20)
At 31 December 2013	101,184	176,759	3,964	21,610	27,678	331,195

Deferred tax liabilities

	Investment property	Tax depreciation allowance	Dividend withholding tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (restated)	1,566,684	50,246	47,808	1,664,738
Acquisition of the Existing Group (restated) (Note 47)	–	831	–	831
Charged/(credited) to profit or loss (restated) (Note 12)	125,638	512	(5,665)	120,485
Exchange realignment (restated)	–	1	–	1
At 31 December 2012 (restated)	1,692,322	51,590	42,143	1,786,055
Charged to profit or loss (Note 12)	714,333	6,496	26,822	747,651
Exchange realignment	–	(244)	–	(244)
At 31 December 2013	2,406,655	57,842	68,965	2,533,462

24. DEFERRED TAX (continued)

At 31 December 2013, the Group had tax losses of RMB568,301,000 (31 December 2012 (restated): RMB494,830,000) arose in Mainland China to carry forward to set off against future taxable income which will expire within 1 to 5 years from each of the financial year end date. A deferred tax asset has been recognised in respect of RMB13,241,000 (31 December 2012 (restated): RMB123,020,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB555,060,000 (31 December 2012 (restated): RMB371,810,000) due to the unpredictability of future profit streams.

At 31 December 2013, the Group had estimated unused tax losses of RMB152,658,000 (31 December 2012 (restated): RMB102,627,000) arose in Hong Kong available for offset against future profits. A deferred tax asset has been recognised in respect of RMB3,888,000 (31 December 2012 (restated): RMB4,010,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB148,770,000 (31 December 2012 (restated): RMB98,617,000) due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

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

At 31 December 2013, deferred tax liabilities on certain undistributed profits of the PRC subsidiaries of approximately RMB80,238,000 (31 December 2012 (restated): RMB64,648,000), which were generated after 1 January 2008, have not been recognised as of 31 December 2013, because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

25. LOANS TO/FROM FELLOW SUBSIDIARIES

The loans to fellow subsidiaries classified under non-current assets at 31 December 2012 were unsecured, bore interest at rate ranging from 6.33% to 6.92% per annum and fully repaid during the current year.

The loans to fellow subsidiaries classified under current assets at 31 December 2012 were unsecured, bore interest at rates ranging from 6.17% to 7.02% per annum and fully repaid during the current year.

The loans from fellow subsidiaries classified under current liabilities at 31 December 2012 were unsecured, bore interest at rates ranging from 6.00% to 6.33% per annum and fully repaid during the current year.

The following information relating to loans to fellow subsidiaries is disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance:

	At 31 December	
	2013	2012
	RMB'000	RMB'000 (restated)
Name of a fellow subsidiary*:		
COFCO Property (Group) Co. Ltd.	**–**	1,800,000

* certain directors of this fellow subsidiary are also directors of the Company/Target Companies

25. LOANS TO/FROM FELLOW SUBSIDIARIES (continued)

Maximum amount outstanding during the year

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Name of a fellow subsidiary:		
COFCO Property (Group) Co. Ltd.	**1,800,000**	1,800,000

26. INVENTORIES

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Raw materials	**9,239**	9,669
Consumables	**3,996**	5,091
	13,235	14,760

27. PROPERTIES HELD FOR SALE

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Completed properties held for sale	**852,781**	1,529,657

The Group's properties for sale are located in Mainland China. They are stated at the lower of cost and net realisable value.

28. ACCOUNTS RECEIVABLE

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Receivables from sale of properties	**–**	2,242
Rental receivables	**6,886**	21,074
Property management fee receivables	**3,574**	9,809
Receivables from hotel operations and related services	**40,113**	49,940
Others	**–**	14,183
	50,573	97,248
Less: Allowance for doubtful debts	**(3,416)**	(3,745)
	47,157	93,503

In respect of sale of properties, a minimum down payment is required in accordance with the terms of the related sale and purchase agreements and in general consideration in cash is fully received prior to the delivery of the properties to the customers.

In general, rental income, property management fee income and income from hotel operations and related services are received in the month when the relevant services provided, except for certain tenants/ customers of which credit period of up to 30-60 days are granted.

The Group does not hold any collateral over the above balances.

The following is an aged analysis of accounts receivables net of impairment losses presented based on invoice date, except for aged analysis of rental receivables, which presented based on the date rental demand notice issued and for aged analysis of receivables from sale of properties, which presented based on the delivery date of the property, at the end of the reporting period:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Less than 3 months	**43,583**	79,358
3 months to 1 year	**2,431**	12,543
1 to 2 years	**935**	1,109
2 to 3 years	**208**	456
Over 3 years	**–**	37
	47,157	93,503

28. ACCOUNTS RECEIVABLE (continued)

Movements in the allowance for doubtful debts during the current and prior years:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
At the beginning of the year	**3,745**	3,548
Impairment losses recognised	**–**	560
Reversal of impairment	**(329)**	(363)
At the end of the year	**3,416**	3,745

The following is the aged analysis of the Group's accounts receivable that are past due but not impaired.

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Overdue by:		
Less than 3 months	**1,200**	4,796
3 months to 1 year	**1,326**	5,853
1 to 2 years	**935**	1,109
2 to 3 years	**208**	456
Over 3 years	**–**	37
	3,669	12,251

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

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

29. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Prepayments to suppliers	**31,996**	60,393
Prepaid LAT and business tax	**17,228**	35,782
Current portion of leasehold land and land use rights (Note 18)	**19,351**	19,167
Other deposits paid	**15,864**	17,220
Interest receivable from COFCO Finance	**–**	1,619
Other interest receivable	**4,751**	–
Receivables from a former associate*	**152,246**	–
Payments on behalf of government in relation to primary land development	**154,983**	489,318
Others receivables	**86,582**	58,995
	483,001	682,494
Less: Allowance for doubtful debts for other receivables	**(26,760)**	(16,321)
	456,241	666,173

* These amounts are secured by a bank guarantee provided by a reputable bank.

Movements in the allowance for doubtful debts of other receivables during the current and prior years:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
At the beginning of the year	**16,321**	15,239
Impairment losses recognised	**10,439**	1,241
Amount written off as uncollectible	**–**	(159)
At the end of the year	**26,760**	16,321

30. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES AND NON-CONTROLLING INTERESTS

As at 31 December 2013 and 2012, the amounts due from and due to fellow subsidiaries, holding companies and non-controlling interests classified under current assets and current liabilities, respectively, are unsecured, interest-free and repayable on demand.

The following information is disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Amounts due from fellow subsidiaries:		
Name of fellow subsidiaries*:		
Top Glory International Holdings Limited	**–**	6,334
COFCO Commercial Property Investment Co. Ltd.	**–**	30,000
中糧置地管理有限公司	**40**	3,600
COFCO Property (Group) Co., Ltd.	**–**	72,824
	40	112,758
Amounts due from the immediate holding company:		
Name of the immediate holding company*:		
COFCO Land Limited	**–**	45,657
Amounts due from an intermediate holding company:		
Name of the intermediate holding company*:		
COFCO (Hong Kong) Limited	**–**	29

* certain directors of these companies are also directors of the Company/Target Companies.

Included in an amount due to the immediate holding company of RMB3,470,035,000 as at 31 December 2012, of which RMB2,617,690,000 was eliminated during the current year as set out in Notes 2 and 47.

30. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES AND NON-CONTROLLING INTERESTS (continued)

Maximum amount outstanding during the year

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Amounts due from fellow subsidiaries:		
Name of fellow subsidiaries:		
Top Glory International Holdings Limited	**6,334**	282,216
COFCO Commercial Property Investment Co. Ltd.	**30,000**	30,000
中糧置地管理有限公司	**3,600**	3,600
COFCO Property (Group) Co., Ltd.	**72,824**	72,824
Amounts due from the immediate holding company:		
Name of the immediate holding company:		
COFCO Land Limited	**45,657**	45,657
Amounts due from an intermediate holding company:		
Name of the intermediate holding company:		
COFCO (Hong Kong) Limited	**29**	3,261

Analysis of amounts due from/to fellow subsidiaries, holding companies and non-controlling interests denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Denominated in Hong Kong dollars:		
Amounts due from holding companies	**–**	191,688
Amounts due from fellow subsidiaries	**–**	8,443
	–	200,131
Denominated in Hong Kong dollars:		
Amounts due to holding companies	**–**	3,470,125
Amounts due to fellow subsidiaries	**28**	189,764
Amounts due to non-controlling interests	**55,316**	57,048
	55,344	3,716,937

31. CASH AND CASH EQUIVALENTS

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Cash at banks and on hand	**4,762,053**	1,475,033
Time deposits with an original maturity of three months or less	**3,183,111**	5,606
Deposits with a non-bank financial institution*	**–**	1,421,401
	7,945,164	2,902,040
Less: Pledged deposits**	**(4,042)**	(10,637)
	7,941,122	2,891,403

* Represented deposits placed with COFCO Finance, a fellow subsidiary of the Group.

** Pledged for guarantees provided by the Group in respect of loan facilities utilised by property buyers (Note 40).

Cash at banks earns interest at rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks.

The bank balances, deposits and deposits with COFCO Finance, carry variable interest rates as follows:

	Year ended 31 December	
	2013	2012
	%	%
		(restated)
Interest rate per annum	**0.001 to 3.3**	0.38 to 3.3

Analysis of cash and cash equivalents denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Denominated in Hong Kong dollars	**309,533**	109,276
Denominated in United States dollars	**459,850**	115,741
	769,383	225,017

32. ACCOUNTS PAYABLE

Accounts payable and expenditure on construction comprise construction costs and other project-related expenses in relation to properties under development for sale which are payable based on project progress measured by the Group. Accounts payable are generally with credit period of 60 to 90 days, except for the retention monies of certain construction costs of which the credit period is up to 2 years. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

The following is an aged analysis of accounts payable at the end of the reporting period.

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Within 1 year	**514,604**	385,258
1 to 2 years	**107,058**	448,689
2 to 3 years	**5,057**	1,890
Over 3 years	**3,453**	2,842
	630,172	838,679

33. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Rental deposits received	**84,320**	80,580
Other deposits received	**43,341**	10,845
Salaries and payroll payable	**116,855**	110,090
Other tax payable	**32,526**	28,370
Receipts in advance from customers	**46,000**	16,768
Receipts in advance relating to primary land development	**220,877**	261,374
Construction costs payable for property plant and equipment	**706,626**	601,170
Interest payables	**5,451**	4,117
Legal and professional fees payable	**18,672**	–
Deferred income	**112**	–
Other payables and accruals	**157,919**	130,389
	1,432,699	1,243,703

34. LOANS FROM THE ULTIMATE HOLDING COMPANY

The loans from the ultimate holding company were unsecured, interest-free and fully repaid during the current year. An amount of RMB108,000,000 of the loans was originally repayable in 2014 and therefore classified under non-current liabilities as at 31 December 2012.

35. BANK AND OTHER BORROWINGS

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Bank loans:		
Secured	**3,287,048**	3,388,364
Unsecured	**930,110**	–
Unsecured other loans*	**–**	150,954
	4,217,158	3,539,318
Represented:		
Fixed-rate borrowings	**1,489,975**	987,990
Floating-rate borrowings	**2,727,183**	2,551,328
	4,217,158	3,539,318

* Represented loans from a non-bank financial institution, COFCO Finance, a fellow subsidiary of the Group.

All bank and other borrowings are denominated in the functional currency of the entities comprising the Group.

Details of securities for the secured bank loans are set out in Note 43. Certain of bank and other loans are under corporate guarantee executed by related parties as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Guaranteed by:		
Ultimate holding company	**–**	120,954
A fellow subsidiary	**–**	30,000
	–	150,954

Included in bank and other borrowings as at 31 December 2013 was a bank loan of RMB640,000,000 (31 December 2012 (restated): Nil) secured by the beneficial interest of a hotel property. The loan carried fixed interest rate at 6.55% per annum and repayable on 26 June 2015 pursuant to the contract term.

35. BANK AND OTHER BORROWINGS (continued)

The maturity profile of the above bank and other loans is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Carrying amount of bank loans repayable*:		
Within one year	**1,860,085**	400,958
In the second year	**967,073**	252,306
In the third to fifth years, inclusive	**632,000**	558,000
Beyond five years	**758,000**	1,303,100
	4,217,158	2,514,364
Carrying amount of other loans repayable*:		
Within one year	**–**	106,000
In the second year	**–**	30,954
In the third to fifth years, inclusive	**–**	14,000
	–	150,954
Carrying amount of bank loans contain a repayment on demand clause and shown under current liabilities repayable#:		
In the second year	**–**	874,000
Total bank and other loans	**4,217,158**	3,539,318
Less: Amounts due within one year or contains a repayment on demand clause shown under current liabilities	**(1,860,085)**	(1,380,958)
Amounts shown under non-current liabilities	**2,357,073**	2,158,360

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Certain loan agreements contain clauses which give the bank the right at its sole discretion to demand immediate repayment at any time. The Group does not expect the bank to exercise this discretion to demand immediate repayment during the term of the loans.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended 31 December	
	2013	2012
	%	%
		(restated)
Effective interest rate per annum:		
Bank loans	**1.61%-6.55%**	5.49%-7.05%
Other loans	**6.15%**	6.15%-6.31%

36. DERIVATIVE FINANCIAL INSTRUMENTS

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Financial liabilities		
Cash flow hedges – interest rate swap		
– represented as current liabilities	**213**	–
– represented as non-current liabilities	**–**	703

During the prior year, the Group used interest rate swap to manage its exposure to volatility in interest payments relating to a variable-rate bank loan. The floating-to-fixed interest rate swap changed the interest rate of the bank loan from HIBOR + 2.25% to 2.85% per annum. The interest rate swap matches the terms of the hedged underlying bank loan, such that management considered that the interest rate swap is highly effective hedging instruments.

During the year ended 31 December 2013, the fair value gain of RMB469,000 (2012 (restated): RMB139,000) of interest rate swap contract was recognised in other comprehensive income and accumulated in hedging reserve, and are expected to be released to profit or loss throughout the period in which the interests of the variable-rate bank loan were incurred. During the current year, the hedging relationship no longer qualifies for hedging accounting upon the extension of the secured bank loan. However, the forecast transaction is still expected to occur.

The notional amount of interest rate swap contract is HK$212,500,000 (approximately RMB167,074,000) and the contract will mature on 7 May 2014.

At 31 December 2013, derivative financial instruments of RMB213,000 (31 December 2012 (restated): RMB703,000) of the Group is grouped into Level 2 of fair value measurement. The fair value measurement is derived from inputs that are observable for the liability directly (i.e. such as prices).

37. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK$'000	(RMB equivalent) RMB'000
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2012 and 31 December 2012	8,500,000,000	850,000	689,223
Increase on 18 December 2013	20,404,699,222	2,040,470	1,604,279
At 31 December 2013	28,904,699,222	2,890,470	2,293,502
Issued and fully paid:			
Ordinary shares of HK$0.10 each			
At 1 January 2012 and 31 December 2012	535,359,258	53,536	43,410
Issue of Consideration Shares (Note (b))	5,988,199,222	598,820	470,810
Placing of new shares (Note (c))	1,955,174,000	195,517	153,721
At 31 December 2013	8,478,732,480	847,873	667,941

Notes:

(a) Following the passing of the ordinary resolution at the special general meeting on 18 December 2013, the authorised share capital of the Company has been increased from HK$850,000,000 to HK$3,000,000,000 and the creation of 1,095,300,778 CPS (as defined in Note 38), such that following such increase, the authorised share capital of the Company has become HK$3,000,000,000 divided into 28,904,699,222 shares and 1,095,300,778 CPS.

(b) As disclosed in Note 2 above, the consideration of the Reverse Takeover Transaction was partly satisfied by the allotment and issue of 5,988,199,222 ordinary shares of the Company and 1,095,300,778 CPS of the Company to Achieve Bloom. The Reverse Takeover Transaction was completed on 19 December 2013. The Consideration Shares were issued on the completion date at the issue price of HK$2.00 per share, resulting in credits to ordinary share capital of the Company of HK$598,820,000 (approximately RMB470,810,000) and share premium of the Company of HK$11,377,578,000 (approximately RMB8,945,394,000).

(c) Pursuant to a placing agreement signed on 19 December 2013, 1,955,174,000 ordinary shares of HK$0.10 each were placed at HK$2.00 per share on 19 December 2013, all shares were issued and allotted to independent third parties, resulting in credits to ordinary share capital of the Company of HK$195,517,000 (approximately RMB153,721,000) and share premium of the Company of HK$3,714,831,000 (approximately RMB2,920,711,000), before share issue expenses of HK$73,870,000 (approximately RMB58,078,000).

38. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

Non-redeemable convertible preference shares ("CPS") with a par value HK$0.10 each were created as a new class of shares in the share capital of the Company on 19 December 2013. Upon the completion date of the Reverse Takeover Transaction on 19 December 2013, the Company issued 1,095,300,778 CPS (which are convertible into 1,095,300,778 new ordinary shares of the Company (the "Shares") at HK$2.00 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the CPS (the "Conversion Shares")) as part of the consideration of the Reverse Takeover Transaction as mentioned in Note 2, resulting in credits to equity of HK$2,190,602,000 (approximately RMB1,722,317,000).

The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share. Holders of the CPS will have the right to convert all or such number of CPS into the Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

38. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (continued)

Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis. The holders of the CPS shall have priority over the ordinary shareholders of the Company on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).

The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction. Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares.

The Conversion Shares upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the date of conversion. Listing approval for the Conversion Shares has been granted by the Stock Exchange.

If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).

No listing will be sought for the CPS on the Stock Exchange or any other stock exchange.

39. RESERVES

The reconciliation of each component of the Group's total equity, including share premium and reserves, is set out in the consolidated statements of changes in equity.

40. CONTINGENT LIABILITIES

Guarantees

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Guarantees provided by the Group in respect of loan facilities utilised by property buyers	**80,848**	212,738

The Group has pledged certain bank deposits (details set out in Note 31) and provided guarantees to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

40. CONTINGENT LIABILITIES (continued)

Non-compliances

During the year, the Group has some non-compliances which mainly relating to the failure to commence construction according to the applicable PRC laws, the failure to complete relevant approval procedures in relation to the construction and refurbishment of a property, and the actual gross floor area of a property in excess of the permitted gross floor area under the construction permit.

The Group may be subject to a maximum penalty of approximately RMB109.6 million (31 December 2012 (restated): RMB84 million). Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the directors of the Company consider that the risk of the Group being subject to the penalty is remote, and accordingly, no provision has been made in the consolidated financial statements.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of office premises and residential premises which fall due as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Within one year	**283,254**	322,900
In the second to fifth year inclusive	**260,189**	362,701
After five years	**2,116**	16,405
	545,559	702,006

Leases are negotiated for an average term of one to five years with fixed rentals.

42. CAPITAL COMMITMENTS

The Group had the following commitments as at the end of each reporting period:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Capital commitments in respect of purchase of property, plant and equipment:		
Contracted for	**423,879**	484,712

43. PLEDGE OF ASSETS

The carrying amount of the non-current and current assets pledged to banks and to secure loan facilities granted to the Group is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Investment properties	**4,065,855**	4,438,301
Property, plant and equipment	**2,409,036**	2,546,691
Property under development for sale	**696,851**	27,786
Leasehold land and land use rights	**262,486**	211,133
	7,434,228	7,223,911

44. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**8,373,635**	6,626,861
Available-for-sale investments	**1,510**	1,510
Financial liabilities:		
Derivative instrument in designated hedge accounting relationship	**213**	703
Amortised cost	**6,190,227**	11,085,713
Rental deposits received	**86,530**	82,859

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, amounts due from/to fellow subsidiaries, holding companies, associates and non-controlling interests, loans from/to fellow subsidiaries, associates and the ultimate holding company, accounts and other receivables, accounts and other payables, bank and other borrowings, pledged deposits and cash and cash equivalents and derivative financial instruments. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments and the polices on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The Group collects most of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group has account balances denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2013, the group entities with RMB as functional currency have bank balances denominated in foreign currencies which mainly consist of HK$ and US$ as set out in Note 31 and amounts due from/to fellow subsidiaries, holding companies and non-controlling interests which mainly consist of HK$ as set out in Note 30 which expose the Group to foreign currency risk.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$/HK$ while all other variables are held constant, which represents the directors of the Company's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding US$/HK$ denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in post-tax profit where RMB weakens 5% against US$/HK$ and vice versa.

	2013 RMB'000	2012 RMB'000 (restated)
Increase (decrease) in post-tax profit for the year:		
– if RMB weakens against US$	**18,681**	5,787
– if RMB strengthens against US$	**(18,681)**	(5,787)
– if RMB weakens against HK$	**11,302**	(170,376)
– if RMB strengthens against HK$	**(11,302)**	170,376

Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and deposits with a non-bank financial institution, and variable-rate bank and other borrowings, and derivative financial instrument of receive-floating and pay-fixed interest rate swap, which are concentrated on fluctuation of Hong Kong Inter Bank Offered Rate in respect of a secured bank loan. Management monitors interest rate exposure and decided to hedge cash flow interest rate exposure during the prior period. During the current year, the hedging relationship no longer qualifies for hedging accounting upon the extension of such secured bank loan.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk management (continued)

Apart from the interest rate swap and related hedged borrowing mentioned above, the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates, for example, the Benchmark Loan Rates offered by the People's Bank of China. The effective interest rates and terms of repayment of the interest-bearing bank and other borrowings of the Group are disclosed in Note 35. It is the Group's policy to negotiate the terms of the interest-bearing bank and other borrowings in order to balance the interest rate exposure.

No sensitivity analysis has been presented as the directors of the Company consider that the impact to profit or loss for the current and prior years is insignificant, taking into account that (i) the fluctuation in interest rates on bank balances and deposits with a non-banking financial institution is minimal and (ii) the impact to finance costs, net of interest capitalised, is not material based on a reasonably possible change in interest rate of 50 basis point.

Credit risk management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position and the financial guarantee contracts.

At as 31 December 2013, the Group's credit risk is primarily attributable to its amounts due from fellow subsidiaries and non-controlling interests, accounts and other receivables, pledged deposits, and cash and cash equivalents. In order to minimise the credit risk of accounts receivable, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the contractual maturity of the Group for their financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity and interest rate tables

	Weighted average effective interest rate %	Repayable on demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2012 (restated)							
Accounts payable	–	838,679	–	–	–	838,679	838,679
Other payables	–	856,611	–	–	–	856,611	856,611
Bank loans and other borrowings	2.48%-7.05%	1,581,718	417,144	875,078	1,711,737	4,585,677	3,539,318
Amounts due to the ultimate holding company	–	1,219,069	–	–	–	1,219,069	1,219,069
Amounts due to the immediate holding company	–	3,470,035	–	–	–	3,470,035	3,470,035
Amounts due to an intermediate holding company	–	90	–	–	–	90	90
Amounts due to fellow subsidiaries	–	688,173	–	–	–	688,173	688,173
Amounts due to non-controlling interests	–	287,616	–	–	–	287,616	287,616
Amounts due to associates	–	122	–	–	–	122	122
Loans from fellow subsidiaries	6.00%-6.33%	66,945	–	–	–	66,945	66,000
Loans from the ultimate holding company	–	12,000	108,000	–	–	120,000	120,000
		9,021,058	525,144	875,078	1,711,737	12,133,017	11,085,713
Financial guarantee contracts		212,738	–	–	–	212,738	–
Derivative-net settlement							
Derivative financial instrument– Interest rate swap	–	555	186	–	–	741	703

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity and interest rate tables (continued)

	Weighted average effective interest rate %	Repayable on demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2013							
Accounts payable	–	630,172	–	–	–	630,172	630,172
Other payables	–	1,048,864	–	–	–	1,048,864	1,048,864
Bank loans and other borrowings	1.61%-6.55%	1,926,847	1,079,780	826,393	1,117,486	4,950,506	4,217,158
Amounts due to the ultimate holding company	–	5,455	–	–	–	5,455	5,455
Amounts due to fellow subsidiaries	–	13,093	–	–	–	13,093	13,093
Amounts due to non-controlling interests	–	275,485	–	–	–	275,485	275,485
		3,899,916	1,079,780	826,393	1,117,486	6,923,575	6,190,227
Financial guarantee contracts		80,848	–	–	–	80,848	–
Derivative-net settlement							
Derivative financial instrument–Interest rate swap	–	213	–	–	–	–	213

Bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. Bank loans with a repayment on demand clause of RMB874,000,000 (2013: Nil) are included in the "on demand or within 1 year" time band in the above maturity analysis as at 31 December 2012. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value

Except for derivative financial instruments as set out Note 36, there is no financial instrument measured at fair value on a recurring basis. The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flows analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statements of financial position approximate their respective fair values at the end of each reporting period.

46. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. During the current year, shareholder's loan of RMB2,617,690,000 owing by the Target Group was eliminated upon the Reverse Takeover Transaction and credited to other reserve. Apart from the above, the Group's overall strategy remains unchanged throughout the current and prior years.

The capital structure of the Group consists of net debt (which includes bank and other borrowings, amounts due to the holding companies, fellow subsidiaries and non-controlling interests) and equity attributable to the Company (comprising issued equity, non-redeemable convertible preference shares, reserves and retained profits as disclosed in consolidated statement of changes in equity).

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and takes appropriate actions to balance its overall capital structure. Neither Company nor any of its subsidiaries is subject to externally imposed capital requirements.

47. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of the Existing Group

As disclosed in Note 2, on 16 July 2012, Achieve Bloom acquired approximately 73.53% of the entire issued share capital of the Company for a total cash consideration of HK$362,180,000 (equivalent to approximately RMB293,675,000). The 2012 Acquisition was completed on 23 July 2012.

In accordance with the requirements under HKFRS 3 (Revised 2008), reverse acquisition accounting is adopted to account for the 2012 Acquisition. Since the Existing Group and the Target Group are under common control of Achieve Bloom from 23 July 2012, the consideration of the acquisition paid by Achieve Bloom is considered as the deemed consideration paid by the Target Group to acquire the Existing Group as at 23 July 2012 (the "Deemed Consideration").

In addition, the directors of COFCO Land have assessed the fair values of the identifiable assets acquired and liabilities assumed of the Existing Group at 23 July 2012 and are of the opinion that the then fair values of identifiable assets and liabilities of the Existing Group approximated to their carrying amounts as at 23 July 2012.

47. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Acquisition of the Existing Group (continued)

The fair values of the identifiable assets and liabilities of the Existing Group and goodwill arising from the 2012 Acquisition are as follows:

	RMB'000
Deemed Consideration	293,675
Non-controlling interests, based on 26.47% of the net identifiable assets of the Existing Group	39,374
Less: Fair value of the Existing Group's identifiable assets acquired and liabilities assumed (see below for details)	(148,752)
Goodwill	184,297

The recognised amounts of identifiable assets acquired and liabilities assumed of the Existing Group on the completion date of the 2012 Acquisition (i.e. 23 July 2012) were as follows:

	RMB'000
Investment properties (Note 16)	324,340
Cash and cash equivalents	1,296
Deposits, prepayments and other receivables	670
Deferred tax assets (Note 24)	662
Other payables and accruals and rental deposits received	(4,236)
Bank borrowings	(172,306)
Deferred tax liabilities (Note 24)	(831)
Derivative financial instruments	(843)
	148,752
Satisfied by:	
Deemed Consideration transferred and recognised in special reserve	293,675
Net cash inflow arising on acquisition:	
Cash and cash equivalents balances acquired	1,296

The Existing Group generated revenue of RMB7,332,000 and RMB3,102,000 and incurred a net loss of RMB52,180,000 and RMB6,772,000 (net profit) to the Group for the year ended 31 December 2013 and for the period from 24 July 2012 (completion date of the acquisition) to 31 December 2012, respectively. If the acquisition had occurred on 1 April 2012 (annual period beginning date of the Existing Group in the prior period), the Group's revenue and profit attributable to owners of the Company for the year ended 31 December 2012 would have been approximately RMB4,434,249,000 and RMB1,664,543,000, respectively.

47. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Major non-cash transactions

(a) The consideration of RMB288,561,000 for the Restructuring Arrangement as set out in Note (b) to the consolidated statement of changes in equity was settled through the current account with fellow subsidiaries.

(b) The Reverse Takeover Transaction involve the issue of the Consideration Shares and non-redeemable convertible preference shares in principal sum of RMB9,416,204,000 and RMB1,722,317,000, respectively, as set out in the consolidated statement of changes in equity, which are non-cash in nature.

(c) Included in an amount due to the immediate holding company of RMB3,470,035,000 as at 31 December 2012, of which RMB2,617,690,000 was eliminated during the current year as set out in Note 2.

(d) Contribution from non-controlling interests of RMB33,236,000 during the year ended 31 December 2013 was directly settled through the amounts due to non-controlling interests.

48. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements and the group reorganisation as disclosed in the consolidated statement of changes in equity, the Group had the following material transactions with related parties during the year.

Related party transactions

During the year, the Group had the following material transactions with related parties.

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Leasing of properties to:		
Fellow subsidiaries	**60,663**	30,637
Intermediate holding company	**5,350**	5,513
Ultimate holding company	**4,797**	4,692
Provision of project consultation by:		
Fellow subsidiary	**49,679**	10,849
Provision of hotel management service by:		
Fellow subsidiary	**6,834**	6,794
Provision of property management service by:		
Fellow subsidiary	**920**	908
Provision of property management service to:		
Fellow subsidiary	**30,887**	33,592
Ultimate holding company	**8,768**	–

48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions (continued)

	Year ended 31 December 2013 RMB'000	2012 RMB'000 (restated)
Provision of insurance service by:		
Fellow subsidiary	**605**	980
Sourcing of staple supplies and catering service to:		
Fellow subsidiary	**–**	1,777
Sourcing of staple supply and catering service from:		
Fellow subsidiaries	**1,909**	3,577
Leasing of parking lot from:		
Fellow subsidiaries	**88**	458
Interest income from:		
Associates	**95,968**	48,097
Fellow subsidiaries	**112,148**	154,498
Interest expense to:		
Fellow subsidiaries	**24,908**	41,547

Related party balances

Details of the Group's balances with related parties are disclosed in Notes 21, 25, 30 and 34. Except for the balances with non-controlling interests which are non-trade in nature, these balances as at 31 December 2013 are trade in nature and aged within one year. The balances as at 31 December 2012 were mostly non-trade in nature.

In addition, certain deposits included in cash and cash equivalents are placed with COFCO Finance. COFCO Finance, a fellow subsidiary, is a non-bank financial institution regulated by the People's Bank of China (the "PBOC") and the China Banking Regulatory Commission. In the PRC, deposit rates are set by the PBOC which is applicable to all financial institutions. The interest rates offered by COFCO Finance are the same as the rates promulgated by the PBOC. The deposits placed with COFCO Finance by the Group at 31 December 2013 amounted to nil (31 December 2012 (restated): RMB1,421,401,000), and the loans from COFCO Finance to the Group at 31 December 2013 amounted to nil (31 December 2012 (restated): RMB150,954,000).

48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel of the Group

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Salaries, allowance and other benefits	**2,251**	2,027
Retirement benefit scheme contributions	**84**	57
	2,335	2,084

The key management personnel of the Group includes the directors and certain top executives of the Company. The remuneration of certain of these directors and top executives was borne by the ultimate holding company or fellow subsidiaries during the current and prior years. Further details of directors' emoluments are included in Note 15.

Guarantee provided

As at 31 December 2012, corporate guarantees were executed by the ultimate holding company and a fellow subsidiary in relation to certain other borrowings of the Group. These guarantees were released upon the repayments of the related bank and other borrowings during the current year. Details of which are disclosed in the Note 35 above.

Transactions with other government-related entities in the PRC

The Group itself is part of a larger group of companies under COFCO Corporation which is controlled by the PRC government. Thus, the directors of the Company consider that the Group is ultimately controlled by the PRC government. In addition, the Group operates in an economic environment currently predenominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Apart from the transactions with holding companies, fellow subsidiaries and associates set out in "Related party transactions" above, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. The Group's bank deposits and bank borrowings are entered into with certain banks which are PRC-government related entities in its ordinary course of business. In addition, the Group entered into various transactions, including purchases of land use rights, construction of properties and other operating expenses with other PRC government-related entities in the ordinary course of business. Other than disclosed above, the Group does not have other transactions with government-related entities which are considered collectively or individually significant.

49. COMPOSITION OF THE GROUP

Information about the composition of the Group at the end of each of the reporting period is as follows:

Principal activity	Place of incorporation/ place of operations	At 31 December 2013	2012 (restated)
Number of wholly-owned subsidiaries			
Property development	PRC	**4**	4
	Hong Kong	**2**	2
	BVI/PRC	**3**	3
Property investment	PRC	**3**	3
	Hong Kong	**10**	9
	BVI/PRC	**5**	4
Property management and related services	PRC	**2**	2
	Hong Kong	**6**	6
	BVI/PRC	**5**	5
Hotel operations	PRC	**5**	5
	Hong Kong	**3**	3
	BVI/PRC	**8**	8
		56	54
Number of non-wholly-owned subsidiaries			
Property development	PRC	**1**	1
	Hong Kong	**1**	1
Property investment	PRC	**1**	1
	Hong Kong	**1**	1
	Samoa/PRC	**1**	1
Property management and related services	PRC	**4**	4
	Hong Kong	**1**	1
Hotel operations	PRC	**2**	2
	Hong Kong	**1**	1
		13	13

49. COMPOSITION OF THE GROUP (continued)

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

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

Name of subsidiary	Place of incorporation/ place of business	Proportion of ownership interests held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests*
			RMB'000	RMB'000
Year ended 31 December 2013				
Yalong Development (HK) Company Limited and its subsidiaries	**Hong Kong**	**32.4%**	**309,438**	**2,060,989**
Jetway Development Limited and its subsidiary	**Samoa/PRC**	**22%**	**91,193**	**924,587**
Beijing COFCO Plaza Development Co., Ltd.	**PRC**	**40%**	**785,054**	**1,552,390**
Individually immaterial subsidiaries with non-controlling interests			**70,425**	**281,510**
			1,256,110	**4,819,476**
Yalong Development Company Limited and its subsidiaries**	**PRC**	**49.2%**	**57,589**	**565,728**
Year ended 31 December 2012 (restated)				
Yalong Development (HK) Company Limited and its subsidiaries	Hong Kong	32.4%	432,751	1,957,551
Jetway Development Limited and its subsidiary	Samoa/PRC	22%	125,627	833,394
Beijing COFCO Plaza Development Co., Ltd.	PRC	40%	89,683	767,336
Individually immaterial subsidiaries with non-controlling interests			99,647	217,223
			747,708	3,775,504
Yalong Development Company Limited and its subsidiaries**	PRC	49.2%	128,114	648,139

* The amounts represent the consolidated amount of these non-wholly-owned subsidiaries and their respective subsidiaries/associates, as applicable.

** Yalong Development (HK) Company Limited holds 50.8% equity interest in Yalong Development Company Limited.

49. COMPOSITION OF THE GROUP (continued)

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

Summarised financial information in respect of each of the subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Yalong Development (HK) Company Limited and its subsidiaries

	At 31 December	
	2013	2012
	RMB'000	RMB'000 (restated)
Current assets	**2,951,586**	2,754,437
Non-current assets	**2,446,580**	3,139,713
Current liabilities	**1,835,260**	2,403,457
Non-current liabilities	**216,719**	511,100
Total equity	**3,346,187**	2,979,593

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000 (restated)
Revenue	**1,807,974**	2,676,637
Other income, other gains and losses	**269,293**	46,691
Fair value (loss)/gain of investment properties	**(600)**	1,480
Share of loss of associates	**(3,924)**	(16,509)
Total expenses	**(1,500,150)**	(1,964,336)
Profit for the year	**572,593**	743,963
Other comprehensive income for the year	**–**	–
Dividends declared to non-controlling interests	**66,000**	66,000

49. COMPOSITION OF THE GROUP (continued)

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

Yalong Development Company Limited and its subsidiaries

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Current assets	**2,783,761**	2,650,364
Non-current assets	**2,452,475**	3,139,708
Current liabilities	**1,413,425**	1,968,361
Non-current liabilities	**216,719**	511,100
Total equity	**3,606,092**	3,310,611

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Revenue	**1,807,974**	2,676,637
Other income, other gains and losses	**259,070**	46,439
Fair value (loss)/gain of investment properties	**(600)**	1,480
Share of loss of associates	**(3,924)**	(16,509)
Total expenses	**(1,492,839)**	(1,960,505)
Profit for the year	**569,681**	747,542
Other comprehensive income for the year	**–**	–
Dividends declared to non-controlling interests	**140,000**	66,000

49. COMPOSITION OF THE GROUP (continued)

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

Jetway Developments Limited and its subsidiary

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Current assets	**3,768,900**	3,034,186
Non-current assets	**5,205,758**	5,901,686
Current liabilities	**3,381,868**	3,689,504
Non-current liabilities	**1,390,124**	1,458,217
Total equity	**4,202,666**	3,788,151

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Revenue	**1,310,576**	1,059,923
Other income, other gains and losses	**167,315**	132,952
Fair value gain of investment properties	**110,592**	283,064
Total expenses	**(1,173,969)**	(904,909)
Profit for the year	**414,514**	571,030
Other comprehensive income for the year	**–**	–
Dividends declared to non-controlling interests	**–**	98,175

49. COMPOSITION OF THE GROUP (continued)

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

Beijing COFCO Plaza Development Co. Ltd

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Current assets	**279,840**	177,762
Non-current assets	**5,016,101**	2,523,750
Current liabilities	**306,409**	290,498
Non-current liabilities	**1,092,367**	492,674
Total equity	**3,897,165**	1,918,340

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
Revenue	**229,804**	210,511
Other income, other gains and losses	**3,645**	6,436
Fair value gain of investment properties	**2,493,987**	172,818
Total expenses	**(748,612)**	(165,556)
Profit for the year	**1,978,824**	224,209
Other comprehensive income for the year	**–**	–
Dividends declared to non-controlling interests	**–**	28,000

50. DETAILS OF SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Company name	Issued and fully paid-up ordinary capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2013	2012	**2013**	2012	
Entities incorporated in Hong Kong and operating principally in Hong Kong						
Bapton Company Limited	HK$2	**–**	–	**100%**	100%	Property investment
Hope HK No. 1 Limited	HK$20 (Ordinary) HK$8,500,020 (Non-voting deferred shares)	**–**	–	**100%**	100%	Property investment
Entities established in the PRC and operating principally in the PRC						
中糧酒店(北京)有限公司 (COFCO Hotel (Beijing) Co., Ltd.*) (Note 2)	US$32,000,000	**–**	–	**100%**	100%	Hotel ownership (hotel under re-development)
中糧酒店(三亞)有限公司 (COFCO Hotel (Sanya) Limited.*) (Note 2)	US$93,000,000	**–**	–	**100%**	100%	Hotel ownership and operations
蘇州凱萊大酒店有限公司 (Suzhou Gloria Plaza Hotel Co., Ltd.*) (Note 2)	US$15,130,000	**–**	–	**100%**	100%	Hotel ownership and operations
南昌凱萊大飯店有限公司 (Nanchang Gloria Grand Hotel Co., Ltd.*) (Note 2)	US$14,400,000	**–**	–	**100%**	100%	Hotel ownership and operations
台灣飯店有限公司 (Taiwan Hotel Co. Ltd.*) (Note 1)	US$7,022,000	**–**	–	**51%**	51%	Hotel ownership (hotel under redevelopment)
三亞亞龍灣開發股份有限公司 (Yalong Development Company Limited*) (Notes 1 and 3)	RMB671,000,000	**–**	–	**50.8%**	50.8%	Property development

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Issued and fully paid-up ordinary capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2013	2012	**2013**	2012	
Entities established in the PRC and operating principally in the PRC (continued)						
三亞亞龍灣熱帶海岸公園管理有限公司 (Sanya Yalong Tropical Coast Park Management Co., Ltd.*) (Notes 1 and 3)	RMB3,000,000	**–**	–	**100%**	100%	Provision of tourism service
三亞虹霞開發建設有限公司 (Sanya Hongxia Development & Construction Co., Ltd.*) (Notes 1 and 3)	RMB2,539,500,000	**–**	–	**80%**	80%	Property development
三亞亞龍灣物業管理有限公司 (Sanya Yalong Property Management Co., Ltd.*) (Notes 1 and 3)	RMB500,000	**–**	–	**100%**	100%	Property management
北京中糧廣場發展有限公司 (Beijing COFCO Plaza Development Co., Ltd.*) (Note 1)	US$33,300,000	**–**	–	**60%**	60%	Property investment
北京凱萊物業管理有限公司 (Beijing Gloria Properties Management Co., Ltd.*) (Note 1)	RMB5,000,000	**–**	–	**82.8%**	82.8%	Property management
四川凱萊物業管理有限公司 (Sichuan Gloria Properties Management Co.,Ltd.*) (Note 1)	RMB500,000	**–**	–	**94%**	94%	Property management
凱萊物業管理(廣州)有限公司 (Gloria Properties Management (Guangzhou) Co., Ltd.*) (Note 1)	RMB1,200,000	**–**	–	**87.5%**	87.5%	Property management

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Issued and fully paid-up ordinary capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2013	2012	**2013**	2012	
Entities established in the PRC and operating principally in the PRC (continued)						
瀋陽凱萊物業管理有限公司 (Shenyang Gloria Properties Management Co., Ltd.*) (Note 1)	US$70,400	**–**	–	**90.9%**	90.9%	Property management
上海鵬利置業發展有限公司 (Shanghai Top Glory Real Estate Development Co., Ltd.*) (Notes 2 and 4)	US$70,000,000	**–**	–	**78%**	78%	Property investment and development
中糧鵬利(成都)實業發展有限公司(COFCO Top Glory (Chengdu) Real Estate Development Co., Ltd.*) (Note 2)	US$18,000,000	**–**	–	**100%**	100%	Property development
卓遠地產(成都)有限公司 (Zhuoyuan Property (Chengdu) Co., Ltd.*) (Note 2)	US$20,000,000	**–**	–	**100%**	100%	Property development

* The English names of the Chinese companies marked with "*" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Company during the year ended 31 December 2013. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

1. These companies are sino-foreign equity joint ventures.
2. These companies are wholly-foreign owned enterprises.
3. Subsidiaries held by a non-wholly-owned subsidiary of the Company.
4. Subsidiary wholly-owned by a non-wholly-owned subsidiary of the Company.

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(restated)
NON-CURRENT ASSETS		
Interest in subsidiaries	**11,313,272**	182,078
CURRENT ASSETS		
Amounts due from subsidiaries	**43,852**	43,372
Other current assets	**3,043,003**	118
	3,086,855	43,490
TOTAL ASSETS	**14,400,127**	225,568
CURRENT LIABILITIES		
Amounts due to subsidiaries	**346,384**	315,690
Other current liabilities	**18,672**	1,482
	365,056	317,172
NET ASSETS/(LIABILITIES)	**14,035,071**	(91,604)
Share capital (Note 37)	**667,941**	43,410
Reserves (Note)	**13,367,130**	(135,014)
TOTAL EQUITY	**14,035,071**	(91,604)

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

Reserves of the Company

	Share premium RMB'000	Non-redeemable convertible preference shares RMB'000 (Note 38)	Foreign currency translation reserve RMB'000	Capital re-demption reserve RMB'000	Contributed surplus RMB'000	Accumulated deficit RMB'000	Total RMB'000
At 1 April 2012 (restated)	–	–	–	1,931	227,703	(361,704)	(132,070)
Loss for the period (restated)	–	–	–	–	–	(2,944)	(2,944)
At 31 December 2012 (restated)	–	–	–	1,931	227,703	(364,648)	(135,014)
Loss for the year	–	–	–	–	–	(31,466)	(31,466)
Exchange difference on translation	–	–	3,266	–	–	–	3,266
Issue of Consideration Shares (Note 37)	8,945,394	–	–	–	–	–	8,945,394
Placing of new shares (Note 37)	2,920,711	–	–	–	–	–	2,920,711
Share issue expense (Note 37)	(58,078)	–	–	–	–	–	(58,078)
Issue of non-redeemable convertible preference shares (Note 38)	–	1,722,317	–	–	–	–	1,722,317
At 31 December 2013	11,808,027	1,722,317	3,266	1,931	227,703	(396,114)	13,367,130

Definitions

In this annual report, unless the context requires otherwise, the following expressions have the following meanings:

"Achieve Bloom"	Achieve Bloom Limited (得茂有限公司), a company incorporated in the BVI with limited liability on 10 June 2011, which held 75% of the issued ordinary share capital of the Company and is a wholly-owned subsidiary of COFCO (HK)
"Acquisition"	the sale and purchase of the Sale Shares and the Shareholders Loans as contemplated under an acquisition agreement dated 23 September 2013 and entered into among the Company, Achieve Bloom and COFCO Land in relation to the Acquisition
"Annual Caps"	the maximum aggregate annual transaction amounts set for the Non-Exempt Continuing Connected Transactions for each of the three years ending 31 December 2013, 2014 and 2015
"AGM"	the annual general meeting of the Company to be held on Wednesday, 4 June 2014 or any adjournment thereof
"Audit Committee"	the audit committee under the Board
"Bapton"	Bapton Company Limited, a company incorporated in Hong Kong with limited liability on 22 August 1986 and wholly-owned by Elab, Corp.
"Beijing COFCO"	Beijing COFCO Plaza Development Co. Ltd. (北京中糧廣場發展有限公司) (formerly known as Beijing International Finance Centre Co., Ltd. (北京國際金融大廈有限公司), Beijing Baohua Property Developing Co., Ltd. (北京寶華房地產發展有限公司) and Beijing Times Square Property Development Co., Ltd. (北京時代房產發展有限公司)), a company incorporated in the PRC with limited liability on 14 September 1987 and owned as to 60% by Top Spring and 40% by COFCO Investment
"Beijing Gloria Management"	Beijing Gloria Properties Management Co., Ltd. (北京凱萊物業管理有限公司), a company incorporated in the PRC with limited liability on 24 February 2000 and owned as to 82.8% by Gloria Management and 17.2% by Beijing Kai Da Jing Sheng Trading & Development Co. Ltd* (北京凱達景晟經貿發展有限公司), an independent third party

"Board"	the board of Directors
"BVI"	British Virgin Islands
"Bye-laws"	the bye-laws of the Company, as may be amended from time to time
"Call Options"	the call options to acquire the Retained Joy City Projects or relevant companies holding such Retained Joy City Projects granted by COFCO Corporation to the Company
"Candidate(s)"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Chengdu Yuecheng"	Chengdu Yuecheng Real Estate Co., Ltd. (成都悦城實業有限公司), a company incorporated in the PRC with limited liability on 13 October 2009 and owned as to 30% by COFCO Chengdu and 70% by COFCO Property Chengdu Co., Ltd.* (中糧地產成都有限公司), a subsidiary of COFCO Property
"China" or "PRC"	the People's Republic of China, which shall, for the purposes of this annual report, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"COFCO Chengdu"	COFCO Top Glory (Chengdu) Real Estate Development Co., Ltd* (中糧鵬利(成都)實業發展有限公司), a company incorporated in the PRC with limited liability on 12 September 2005 and wholly-owned by Winson Overseas Limited
"COFCO (HK)"	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司) (formerly known as Top Glory Company Limited (鵬利有限公司), Top Glory Holding Company Limited (鵬利控股有限公司), Top Glory Holding Company Limited (鵬利集團有限公司) and COFCO (Hong Kong) Limited (中國糧油食品集團(香港)有限公司)), a company incorporated in Hong Kong with limited liability on 14 August 1981 and wholly-owned by COFCO Corporation
"COFCO Corporation"	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of SASAC
"COFCO Group"	COFCO Corporation and its subsidiaries, excluding the Group

"COFCO Hotel (Beijing)"	COFCO Hotel (Beijing) Co., Ltd.* (中糧酒店(北京)有限公司) (formerly known as Tianping Tower Co., Ltd.* (天平大廈有限公司), Tianping Liyuan Hotel Co., Ltd.* (天平利園酒店有限公司) and Gloria Plaza Hotel Ltd.* (凱萊大酒店有限公司)), a company incorporated in the PRC with limited liability on 7 October 1986 and owned as to 65% by Rich Harbour Enterprises Limited and as to 35% by COFCO (BVI) No. 17 Limited
"COFCO Hotel (Sanya)"	COFCO Hotel (Sanya) Limited (中糧酒店(三亞)有限公司) (formerly known as Gloria Resort (Sanya) Co., Ltd. (三亞凱萊度假酒店有限公司)), a company incorporated in the PRC with limited liability on 28 April 1995 and wholly-owned by COFCO Hotel Investments (Sanya) Limited
"COFCO Investment"	COFCO Commercial Property Investment Co. Ltd. (中糧置業投資有限公司), a company incorporated in the PRC with limited liability on 15 February 2007
"COFCO Land"	COFCO Land Limited (中糧置地有限公司), a company incorporated in Hong Kong with limited liability on 23 June 2011 and wholly-owned by Achieve Bloom
"COFCO Property"	COFCO Property (Group) Co., Ltd. (中糧地產(集團)股份有限公司), a company incorporated in the PRC with limited liability on 8 October 1993, which is listed on the Shenzhen Stock Exchange (stock code: 000031) and owned as to approximately 50.65% by COFCO Corporation
"COFCO Property Right of First Refusal"	a right of first refusal given by COFCO Corporation to COFCO Property in relation to its interest in certain project holding companies, two of which are members of the Group, namely COFCO Chengdu (being the project company holding the indirect minority interests in Chengdu Shine City) and Shanghai Top Glory (being the project company holding Ocean One and Fraser Suites Top Glory Shanghai), and the other one Shenyang Development which is the project company holding Shenyang Joy City, one of the Retained Joy City Projects
"COFCO Shanghai"	Shanghai COFCO Property Development Co., Ltd.* (上海中糧置業發展有限公司) (formerly known as Shanghai Liang Jie Property Co., Ltd.* (上海良界房地產有限責任公司)), a company incorporated in the PRC with limited liability on 1 December 1994 and owned as to 50% by COFCO (BVI) No. 94 Limited and 50% by COFCO Investment

"Company"	COFCO Land Holdings Limited, a company incorporated under the laws of Bermuda with limited liability on 23 September 1992, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00207)
"Consideration"	HK$14,167 million for the Acquisition
"Consideration Shares"	the 5,988,199,222 new Shares allotted and issued by the Company credited as fully paid in settlement of part of the Consideration
"controlling shareholder(s)"	has the meaning given to it under the Listing Rules and in the context of the Company, means Achieve Bloom, COFCO (HK) and COFCO Corporation
"Conversion Shares"	the 1,095,300,778 new Shares to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the CPS
"CPS"	the 1,095,300,778 new non-redeemable convertible preference shares of HK$0.10 each to be created as a new class of shares in the share capital of the Company upon Completion and to be allotted and issued by the Company credited as fully paid in settlement of part of the Consideration, and CPS shall refer to any one of them
"Director(s)"	director(s) of the Company
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) promulgated on 16 March 2007 and its implementation rules promulgated on 6 December 2007, both effective from 1 January 2008
"Entrustment Loan"	the entrustment loan in an amount of RMB663.3 million arranged by Shanghai Top Glory for the benefit of Taiwan Hotel Ltd subject to the terms and conditions of the Entrustment Loan Agreement
"Entrustment Loan Agreement"	the entrustment loan agreement dated 1 November 2013 entered into between Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch in connection with the Entrustment Loan
"Existing Leases"	five existing lease agreements entered into between the Target Group and the COFCO Group under which the rent and management fees payable were significantly below the prevailing market rent

"Gloria Management"	Gloria Properties Management Limited (凱萊物業管理有限公司) (formerly known as Focus Ocean Investment Limited (豐海投資有限公司)), a company incorporated in Hong Kong with limited liability on 14 October 1994 and wholly-owned by Full Praise Limited (溢嘉有限公司)
"Group"	the Company and its subsidiaries
"Group Entrustment Contracts"	the three entrusted operation and management contracts all dated 26 September 2012 entered into between relevant members of the Group and COFCO Property
"Guangzhou Gloria Management"	Gloria Properties Management (Guangzhou) Co., Ltd.* (凱萊物業管理(廣州)有限公司), a company incorporated in the PRC with limited liability on 17 March 1999 and owned as to 87.5% by Gloria Management and 12.5% by Guangzhou Peng Kai Property Management Co., Ltd.* (廣州鵬凱物業管理有限公司), an independent third party
"HIBOR"	Hong Kong Interbank Offered Rate, the rate of interest offered on Hong Kong dollar loans by banks in the interbank market for a specified period ranging from overnight to one year
"HKFRS"	Hong Kong Financial Reporting Standards
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholder(s)"	the Shareholder(s), other than (i) Achieve Bloom, COFCO Land and their respective associates; (ii) those who are connected, interested or involved in the Acquisition and the Non-Exempt Continuing Connected Transactions; and (iii) those who are required to abstain from voting at the SGM to be convened to approve the Acquisition and the Non-Exempt Continuing Connected Transactions and matters relating to it
"independent third party"	a party who is not a connected person (within the meaning of the Listing Rules) of the Group
"LAT"	Land Appreciation Tax as defined in the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值税暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值税暫行條例實施細則》)

"Listing"	listing of the Consideration Shares and the Conversion Shares (as the case may be) on the Stock Exchange in connection with the new listing application of the Company for the purpose of the Acquisition
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Master Agreements"	collectively the Master Lease Agreement, the Master Property Management Agreement, the Master Insurance Agreement and the Master Sourcing Agreement, and "Master Agreement" shall refer to any one of them
"Master Insurance Agreement"	the master insurance agreement entered into between the Company and COFCO Corporation on 29 November 2013 for the provision of insurance services by the COFCO Group to the Group
"Master Lease Agreement"	the master lease agreement entered into between the Company and COFCO Corporation on 29 November 2013 for the leasing of properties by the Group to the COFCO Group
"Master Property Management Agreement"	the master property management agreement entered into between the Company and COFCO Corporation on 29 November 2013 for the provision of project consultation, property management and hotel management services
"Master Sourcing Agreement"	the master sourcing agreement entered into between the Company and COFCO Corporation on 29 November 2013 for the sourcing of staple supplies and catering services by the Group from the COFCO Group
"Memorandum"	the memorandum of association of the Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
"Nanchang Gloria Hotel (PRC)"	Nanchang Gloria Grand Hotel Co., Ltd. (南昌凱萊大飯店有限公司) (formerly known as Nanchang Ruifeng Industrial Co., Ltd.* (南昌瑞豐實業有限公司)), a company incorporated in the PRC with limited liability on 17 July 1992 and wholly-owned by Gloria Plaza Hotel (Nanchang) Limited
"Nomination Committee"	the nomination committee under the Board

"Non-Competition Undertaking"	the deed of non-competition dated 29 November 2013 executed by COFCO Corporation in favour of the Company in relation to the Acquisition
"Non-Exempt Continuing Connected Transaction(s)"	the transactions to be carried out pursuant to the Connected Transaction Agreements, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules
"Notice Period"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Notices for Director's Election"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Offer"	has the meaning ascribed to it in the section headed "Business Review and Outlook" of the Management Discussion and Analysis
"PBOC"	The People's Bank of China (中國人民銀行), the central bank of China
"PRC government" or "Chinese government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Properties"	the investment properties as set out in the note 16 to the consolidated financial statements
"Registrar"	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered
"Remuneration Committee"	the remuneration committee under the Board
"Retained Joy City Projects"	Tianjin Joy City, Shanghai Joy City, Beijing Chaoyang Joy City, Beijing Xidan Joy City, Yantai Joy City and Shenyang Joy City, which are developed under the brand of "Joy City (大悅城)" and are retained by COFCO Corporation on 19 December 2013

"Retained Joy City Projects Entrustment Contracts"	the five entrusted operation and management contracts entered into between relevant members of the COFCO Group and the Company on 29 November 2013 for the entrustment of the Retained Joy City Projects (except for Shenyang Joy City) to the Group
"RMB"	Renminbi, the lawful currency of the PRC
"Sanya Hongxia"	Sanya Hongxia Development & Construction Co., Ltd.* (三亞虹霞開發建設有限公司), a company incorporated in the PRC with limited liability on 14 November 2007 and owned as to 80% by Yalong Development (Sanya) and 20% by COFCO Hainan Investment Development Co., Ltd.* (中糧海南投資發展有限公司), a wholly-owned subsidiary of COFCO Corporation
"Sanya Tian'en"	Sanya Tian'en Real Estate Co., Ltd.* (三亞天恩實業有限公司) (formerly known as Yang Pu Tian Shi Property Consultation Co., Ltd.* (洋浦天時房地產顧問有限公司)), a company incorporated in the PRC with limited liability on 25 June 2003 and wholly-owned by an independent third party
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"SGM Requisitionists"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Shanghai Top Glory"	Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司), a company incorporated in the PRC with limited liability on 5 May 1998 and wholly-owned by Jetway Developments Limited
"Shareholders"	the holders of the Shares and the CPS
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"Shenyang Development"	Shenyang Joy City Real Estate Development Co., Ltd.* (瀋陽大悅城房產開發有限公司) (formerly known as Shenyang Top Glory Plaza Real Estate Development Limited* (瀋陽鵬利廣場房產開發有限公司)), a company incorporated in the PRC with limited liability on 15 October 1992 and wholly-owned by COFCO Land

"Shenyang Gloria Management"	Shenyang Gloria Properties Management Co. Ltd.* (瀋陽凱萊物業管理有限公司), a company incorporated in the PRC with limited liability on 13 October 2003 and owned as to 90.91% by Gloria Management and 9.09% by Shenyang Development
"Sichuan Gloria Management"	Sichuan Gloria Properties Management Co. Ltd.* (四川凱萊物業管理有限公司), a company incorporated in the PRC with limited liability on 8 February 2002 and owned as to 94% by Gloria Management and 6% by Chengdu Gloria Property Development Co., Ltd.* (成都凱萊物業發展有限公司), a subsidiary of COFCO Corporation
"sq meters" or "sqm"	square meters
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Gloria Hotel (PRC)"	Suzhou Gloria Plaza Hotel Co., Ltd.* (蘇州凱萊大酒店有限公司), a company incorporated in the PRC with limited liability on 27 March 1997 and wholly-owned by Gloria Plaza Hotel (Suzhou) Limited
"Taiwan Hotel Ltd"	Taiwan Hotel Co., Ltd.* (台灣飯店有限公司), a company incorporated in the PRC with limited liability on 2 January 1986 and owned as to 51% by COFCO (BVI) No. 97 Limited and 49% by COFCO Corporation
"Takeovers Codes"	the Codes on Takeovers and Mergers and Share Buy-backs
"Top Spring"	Top Spring Development (Beijing) Limited (鵬源發展(北京)有限公司), a company incorporated in Hong Kong with limited liability on 18 June 1992 and wholly-owned by Sunny Ease Limited
"US$"	United States Dollars, being the lawful currency of the United States of America
"Yalong Coast Park"	Sanya Yalong Tropical Coast Park Management Co., Ltd.* (三亞亞龍灣熱帶海岸公園管理有限公司), a company incorporated in the PRC with limited liability on 6 November 2009 and wholly-owned by Yalong Development (Sanya)

"Yalong Development (Sanya)"	Yalong Development Company Limited (三亞亞龍灣開發股份有限公司) (formerly known as Sanya Yalong Bay Development Co., Ltd.* (三亞牙龍灣開發股份有限公司)), a company incorporated in the PRC with limited liability on 28 May 1992 and owned as to 50.82% by Yalong Development (HK), 4.90% by Zhong Gu Group Sanya Trading Co., Ltd.* (中谷集團三亞貿易有限公司), a subsidiary of COFCO Corporation, 1.27% by Mingcheng Investment & Consultation Co., Ltd.* (明誠投資諮詢有限公司), a subsidiary of COFCO Corporation, and 43.01% by certain other corporate and individual shareholders who are independent third parties
"Yalong Property Management"	Sanya Yalong Property Management Co., Ltd.* (三亞亞龍灣物業管理有限公司), a company incorporated in the PRC with limited liability on 21 October 2011 and wholly-owned by Yalong Development (Sanya)
"Zhuoyuan Property"	Zhuoyuan Property (Chengdu) Co., Ltd.* (卓遠地產(成都)有限公司), a company incorporated in the PRC with limited liability on 19 December 2006 and wholly-owned by Upper International Limited
"%"	per cent.

Corporate Information

DIRECTORS

Executive Directors

Mr. ZHOU Zheng *(Chairman)*
Mr. HAN Shi

Non-executive Directors

Mr. SHI Zhuowei
Mr. MA Jianping
Mr. MA Wangjun
Ms. JIANG Hua

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

AUDIT COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP (Committee Chairman)*
Mr. MA Wangjun
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

REMUNERATION COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP (Committee Chairman)*
Mr. MA Jianping
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

NOMINATION COMMITTEE

Mr. ZHOU Zheng *(Committee Chairman)*
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

COMPANY SECRETARY

Mr. TSE Kin Wai

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

PRINCIPAL OFFICE IN HONG KONG

33/F., Top Glory Tower
262 Gloucester Road
Causeway Bay, Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

COMPANY WEBSITE

www.cofcolandholdings.com

STOCK CODE

207

Design and Production: i.Link Group Limited www.ilinkfin.com

COFCO LAND HOLDINGS LIMITED

33/F., Top Glory Tower
262 Gloucester Road
Causeway Bay, Hong Kong

Tel : (852) 2833 0388
Fax: (852) 2833 0330

www.cofcolandholdings.com

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