百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

ANNUAL REPORT 2013

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Tang Yui Man Francis *(Chairman)*
Xiang Ya Bo *(Chief Executive Officer)*
Chen Wei

Non-executive Directors

Ou Yaping
Law Sze Lai

Independent Non-executive Directors

Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Tang Yui Man Francis
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Tian Jin
Xiang Bing
Xin Luo Lin *(Chairman)*

NOMINATION COMMITTEE

Tang Yui Man Francis
Tian Jin *(Chairman)*
Xiang Bing
Xin Luo Lin

REMUNERATION COMMITTEE

Tang Yui Man Francis
Xiang Bing
Xin Luo Lin *(Chairman)*

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Telephone	:	(852) 2851 8811
Fascimile	:	(852) 2851 0970
Stock Code	:	1168
Website	:	http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

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

LEGAL ADVISORS

(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Norton Rose Fulbright Hong Kong
Tsang, Chan & Wong
Woo, Kwan, Lee & Lo

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China
Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China
Ping An Bank

CONTENTS

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the year ended 31 December 2013, the Group's core businesses remained property development, investment and management. Turnover of the Group amounted to HK$348.8 million and loss attributable to owners of the Company amounted to HK$75.4 million. Basic loss per share was HK2.13 cents. The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: nil).

In November 2013, the Third Plenary Session of the 18th CPC Central Committee made the decision to sweepingly deepen the country's reforms. This is by far the most comprehensive and ambitious reform plan in the history of the PRC. Past reform efforts such as the open-door policy in the early 1980s, the special economic zones establishment in the 1990s and the initiative of joining the World Trade Organization in 2001 have significantly changed the path and economy of the PRC. Under the current package, its depth and strength are unprecedented. As this reform program is gradually implemented, it will greatly lift the PRC economy to another new development level and huge investment opportunities will emerge.

At Sinolink, we have been exploring new mechanisms in property development to seize new opportunities. We seek to combine architecture and living values in a consummate way through the employment of innovative technology that better manage life essentials, and pursue the unlimited realms of culture and technology that enhance future lives. We aim to create a lifestyle that is eco-friendly, comfortable, efficient and intelligent, integrating organically the essence of life with aesthetical architecture and design in a cultural and tasteful demeanor.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the “Board”) of Sinolink Worldwide Holdings Limited (“Sinolink” or the “Company”), I present the results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2013.

PROSPECTS

Looking ahead, the world economy is set to recover moderately in 2014, but unstable and uncertain factors remain a concern. In particular, the United States’ tapering will bring new challenges to the global economic and financial markets especially those of the developing countries.

As the PRC economy is still in the midst of making adjustments to the various changes in the global and nationally markets and situations, cyclical and periodic adjustments are yet to take their course, while structural problems and potential risks are becoming more prominent. On the other hand, there are also many favourable factors, not least the extensive impact of the new policies and deepening reforms.

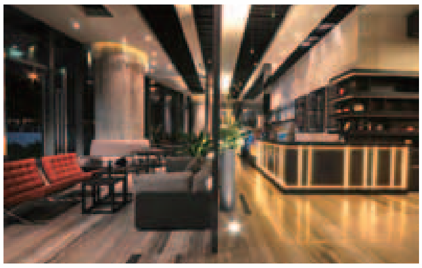
In the face of this new scenario, we will continue to enhance our integrated strength as well as operating and management expertise to develop a new model for real estate investment and development. We will strive to create a solid and proactive proprietary framework for securing our position in the ever-changing market environment with mighty space and impetus for sustainable growth.

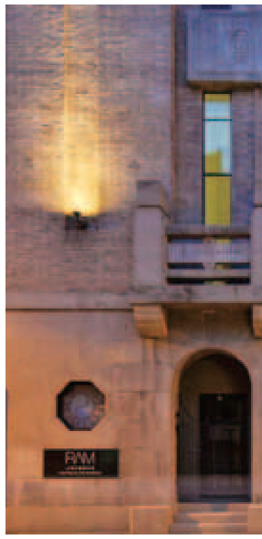
APPRECIATION

On behalf of the Board, I would like to thank all our staff for their devoted work and give my sincere gratitude to all our shareholders for their continual support over the years.

Tang Yui Man Francis
Chairman
Hong Kong, 18 March 2014

“Macro policy should be stable, micro policy should be flexible.” These keywords underlined the PRC government’s policies towards the real estate sector in 2013. The new government is striving to build an effective and solid mechanism for the longer run while maintaining a stable macro policy.





BUSINESS REVIEW

Under the principles of “maintaining growth, pursuing structural reforms, and promoting changes”, the central government launched a series of policies and measures in 2013 to stabilize economic growth. Overall, the PRC economy maintained steady momentum but the base was not yet solid.

For the real estate market, 2013 was a more active year; it also marked a shift in government thinking on exercising control over the sector. Supported by macro policy to make progress while ensuring stability, and a relatively stable monetary policy, the market extended its rebound since 2012. Demand arising from residential needs and improvement of living conditions continued to drive the market, resulting in a strong increase in both supply and demand.

In Shanghai, new supply of commodity houses amounted to 26.48 million square meters in 2013, an increase of 19.9% from 2012. Accumulated transactions reached 24.5 million square meters, up 29.2% year-on-year. The average selling price increased by 10.9% to RMB18,355 per square meter.

Shenzhen recorded 7.189 million square meters of new commodity house supply in 2013, an increase of 12.2% from 2012. Accumulated transactions amounted to 5.366 million square meters, up 30.4% year-on-year. The average selling price rose by 20.3% to RMB24,145 per square meter.

Xiang Ya Bo
Chief Executive Officer

For the year ended 31 December 2013, the Group's turnover amounted to HK$348.8 million, an increase of 11% compared to last year. Gross profit rose by 32% to HK$206.1 million. Loss attributable to owners of the Company fell significantly to HK$75.4 million, compared to profit attributable to owners HK$289.2 million previously, mainly due to a significant decrease in the fair value change in investment properties and increase in share of loss of associates. Basic loss per share amounted to HK2.13 cents, a decline of 126% compared to last year.

PROPERTY SALES

During the year under review, the Group sold the remaining units of *The Mangrove West Coast* previously held as service apartments. As such, all units of *The Mangrove West Coast* have been sold. The Group's turnover from property sales amounted to HK$78.6 million, a decrease of 6% compared to last year. The Group sold a total gross floor area ("GFA") of approximately 1,461 square meters during the year, which was 25% less compared to 1,951 square meters recorded a year ago. Gross profit of property sales increased by 2% to HK$55 million.

CHIEF EXECUTIVE OFFICER'S REPORT

PROPERTY RENTAL

For the year ended 31 December 2013, total rental income amounted to HK$120.7 million, an increase of 29% over last year. The rental income was mainly contributed by the commercial complexes of *The Vi City* and Sinolink Garden Phase One to Four.

Sinolink Tower

Located in Luowu district in Shenzhen, *Sinolink Tower*, the hotel and office complex of Sinolink Garden Phase Five, has a GFA of 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 31 December 2013, occupancy rate of the office building reached 75%. Tenants mainly consist of jewelry, investment and real estate companies.

O Hotel, the Group's first personalised hotel, has 189 rooms and suites, as well as a stylish restaurant, a specialty coffee shop, and premium fitness club facilities. The hotel is currently at the final stage of interior fit-out work and undergoing government quality inspections with grand opening scheduled to take place in mid-2014.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2013, the Group has the following properties under development:

(1) *Rockbund*, located on the Bund in Shanghai, is an integrated property development project. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters comprising preserved heritage buildings and new structures. The Group intends to redevelop this historical site and structures into an upscale mixed-use neighborhood, with residential, commercial, retail, food and beverages, offices and cultural facilities. The some of the preserved heritage buildings have commenced operations since May 2010 with rental activities in progress, while the new structures have basically finished the foundation works. The entire project is expected to be completed in 2016.

(2) *Ningguo Mansions*, a 13,600 square meter site with a plot ratio of 1.0 at Changning District in Shanghai, will be developed into 11 court houses, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is responsible for the construction and decoration design of the project. Located in one of the most accessible and low-density luxury living districts in Shanghai, *Ningguo Mansions* is approximately 10 minutes from the airport and approximately 30 minutes from the city center by car. During the year, the project proceeded to deluxe decoration of the garden area, facade renovation and other facility installation works, which are expected to be completed in the second half of 2014.

MAJOR ASSOCIATE

The Group recorded a share of loss of associates, Rockefeller Group Asia Pacific, Inc., at an amount of HK$239 million for the year ended 31 December 2013, an increase of 271% compared with last year, due to change in the fair value of investment properties held by the associate.

Rockbund

Situated at the junction of Huangpu River and Suzhou Creek, *Rockbund* is a redevelopment project that celebrates the birthplace of modern Shanghai. It is part of the historical and cultural preservation area of Shanghai Bund neighbouring Nanjing Road and the Lujiazui business district and commanding a unique and advantageous location that gives easy access to convenient transport and five star hotels in the vicinity. Thriving on the theme of "Art and Culture Invigorates Business", the project makes full empowerment of the historical architecture and art aroma in the area to provide high quality leasing space for a variety of businesses with flexible and elegant design layouts to meet customers' diverse needs.

During the year under review, *Rockbund* secured nine new tenants. The project has already attracted a number of famous restaurants and corporations and attained satisfactory operating results. A series of commercial, cultural and arts activities were held during the year to actively promote its corporate brand.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management. For the year ended 31 December 2013, the Group recorded revenue from other businesses of HK$149.5 million, an increase of 9% compared to last year.

PROSPECTS

The central government is expected to maintain a coherent and stable policy towards the real estate market in 2014, with differentiated governance for different segments. Such policy will also emphasize the effects of integrated regulation and control over land, affordable housing, taxation, and finance. The control is expected to be largely through market-oriented means, and administrative control measures will not be lightly adopted, which will facilitate the healthy development of the real estate market and the building of an effective and solid mechanism for the longer run.

In the coming year, we will keep abreast with the changes in the governing policies on the real estate industry and closely monitor the market momentum to seize opportunities that may arise from the macro-control measures and market adjustments. We will continue to explore new business models and other means that can cope with the new trends to enhance the returns for shareholders.

CHIEF EXECUTIVE OFFICER'S REPORT

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and strong interest cover. The Group's total borrowings decreased from HK$295.7 million as at 31 December 2012 to HK$280.0 million as at 31 December 2013. Gearing ratio as at 31 December 2013, calculated on the basis of total borrowings over shareholders' equity, was 3.7% compared to 3.9% as at 31 December 2012. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing loans had a carrying value of HK$1,387.5 million as at 31 December 2013. The borrowings of the Group are denominated in RMB and HKD. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purpose; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and cash equivalents amounted to HK$4,160.6 million (including pledged bank deposits) as at 31 December 2013 and were mostly denominated in RMB, HKD and USD.

CAPITAL COMMITMENTS

As at 31 December 2013, the Group had capital commitments in respect of properties under construction and commitments in respect of properties under development amounting to HK$272.1 million and HK$170.8 million respectively.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK$59 million.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group employed approximately 872 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2013.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The financial statements of the Company for the year ended 31 December 2013 have been audited by the Company's auditor, Deloitte Touche Tohmatsu, and reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

Xiang Ya Bo
Chief Executive Officer
Hong Kong, 18 March 2014


HIM AS HE REACHES THE OPEN
SKY THIS ENDLESS FILAMENT
HIGH HE HOLDS THE THREAD OF
OUR VIGIL AND ONE EVENING HE
LIFT HIS HEAD IN DREAM WE HAVE
SEEN HIM AGAINST THE VELLUM
OF A DAWN OR SEEN HIM
PASSING BLACK WHICH IS TO SAY
WHITE ACROSS THE MIRROR OF
THE WILD GEESE OF THE OLD
SUNG POETS AND HE LIFT US
MUTE AMID THE BRONZE OF GONGS
TOWARDS REGIONS BEYOND ANY
RESTING PLACE HE STRAINS
WITH ALL HIS BEING HE IS OUR
EMISSARY OUR INITIATOR MASTER
OF DREAM TELL US THE DREAM


ASIA
Award for Emerging Ch
术大奖——中国


TASAKI

EXECUTIVE DIRECTORS

Mr. Tang Yui Man Francis, aged 51, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002 and ceased to act as chief executive officer and appointed as the chairman of the board of directors and a member of the remuneration committee of the Company in August 2013. Mr. Tang is a member of nomination committee of the Company since 27 March 2012. He is also an executive director of Enerchina Holdings Limited ("Enerchina"), a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a director of Sinolink Properties Limited, a subsidiary of the Company. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group. He was an alternate director to Mr. Ou Yaping of Towngas China Company Limited, a company listed on the Stock Exchange, during 2007-2011. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Mr. Xiang Ya Bo, aged 57, was appointed as an executive director of the Company in 2011 and the chief executive officer in August 2013. He is also an executive director and a member of remuneration committee of Enerchina, a company listed on the Stock Exchange, and the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive director and a substantial shareholder of the Company. He graduated with an engineering degree. Mr. Xiang has over 27 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 52, was appointed as an executive director of the Company in December 1997. He is also an executive director, the chairman of the board of directors and a member of remuneration committee of Enerchina, a company listed on the Stock Exchange. Mr. Chen holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Chen was previously employed by a number of large organisations and has over 28 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. He was an executive director of Towngas China Company Limited, a company listed on the Stock Exchange, during 2001-2009. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Ou Yaping, aged 52, was appointed as the chairman and an executive director of the Company in December 1997 and redesignated as a non-executive director and resigned as the chairman of the board of directors and a member of remuneration committee of the Company in August 2013. Mr. Ou is the founder and the substantial shareholder of the Group. Mr. Ou is the chairman of ZhongAn Online P&C Insurance Co., Ltd. and serves as the chairman of the board of Rockbund Art Museum and a trustee for The Nature Conservancy's Asia Pacific and China Program. He was a director of China Merchants Bank and chairman of the board of Panva Gas Holdings Limited and was the directors of a number of trading companies and investment companies and has over 30 years of experience in investment, trading and management. Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC and is also a member of the board of the Beijing Institute of Technology. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director and chief executive officer of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". He was the chairman and an executive director of Enerchina, a company listed on the Stock Exchange, from 2002 to 2012. He was an executive director of Towngas China Company Limited, a company listed on the Stock Exchange, from 2000 to 2011. Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Law Sze Lai, aged 71, was appointed as an executive director of the Company in December 1997 and redesignated as a non-executive director in September 2007. He is also the chairman of supervisory committee of Sinolink Properties Limited. Mr. Law was employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 24 years of experience in property development. Mr. Law joined the Group in 1992. Mr. Law did not hold any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 56, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and Chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, Director of Academic Technology Development of DePaul University, Director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 52, was appointed as an independent non-executive director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of China Dongxiang (Group) Co., Ltd, Dan Form Holdings Company Limited, HC International, Inc. and Longfor Properties Co., Ltd.; an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of Enerchina; an independent non-executive director and the chairman of audit committee and remuneration committee and a member of nomination committee of Peak Sport Products Co., Limited, all of which are companies listed on the Stock Exchange. Dr. Xiang is also an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of LDK Solar Co. Ltd. and an independent non-executive director and a member of audit committee of E-House (China) Holdings Limited, both are listed on the New York Stock Exchange and an independent non-executive director and a member of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq. He is an independent non-executive director and a member of audit committee and Strategic committee and the chairman of remuneration committee of Yunnan Baiyao Group Co., Ltd., a company listed on the Shenzhen Stock Exchange. He was a director of Jutal Offshore Oil Services Limited, a company listed on the Stock Exchange, a director of Shenzhen Terca Technology Co., Ltd. (深圳市特爾佳科技股份有限公司), TCL Corporation (TCL集團股份有限公司), Shaanxi Qinchuan Machine Development Co., Ltd. (陝西秦川機械發展股份有限公司) and Guangdong Midea Electric Appliances Co. Ltd. (廣東美的電器股份有限公司), all are listed on Shenzhen Stock Exchange, a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd. (武漢健民藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange. Dr. Xiang was an independent non-executive director of E Fund Management Co., Ltd, a company listed on the Shenzhen Stock Exchange, until 29 June 2010 and he was an independent non-executive director and the chairman of remuneration committee of Little Sheep Group Limited, a company listed on the Stock Exchange, from 2008 to 2012. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Xin Luo Lin, aged 65, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in the People's Republic of China (the "PRC"). He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, the chairman of audit committee and remuneration committee and a member of nomination committee of Enerchina; an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited; a non-executive director of Asian Capital Holdings Limited and a non-executive director of China Environmental Technology Holdings Limited, all are listed companies on the Stock Exchange; Mr. Xin is a director of Mori Denki Mfg. Co., Ltd., a public company listed on the Tokyo Stock Exchange and a director and the Vice Chairman of Oriental Technologies Investment Limited, a listed company on the Australian Stock Exchange. Mr. Xin was a non-executive director of Sino-Tech International Holdings Limited, a company listed on the Stock Exchange, from 2010 to 2012. Mr. Xin was an adviser to the chairman of Guangdong Capital Holdings Limited from 1998 to 2000. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

CHIEF FINANCIAL OFFICER

Mr. Li Fujun, aged 51. He holds a Bachelor of Engineering degree from Tsinghua University and a Master of Economics degree from the University of International Business and Economics. Mr. Li is a CFA Charter holder. He has over 22 years of experience in project evaluation and strategic planning, investment analysis and engineering work, as well as project management and investment. Mr. Li joined the Sinolink Group in May 1994. He was appointed as Chief Financial Officer of Sinolink Worldwide Holdings Limited in Oct 2007.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 39 and 17 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss on page 39 of the annual report.

No interim dividend (2012: Nil) was paid to the shareholders during the year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 43.

The Company's reserves available for distribution to shareholders at 31 December 2013, amounted to HK$931,988,000 (2012: HK$942,514,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 108.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Tang Yui Man Francis *(Chairman)*
Xiang Ya Bo *(Chief Executive Officer)*
Chen Wei

Non-executive Directors:

Ou Yaping *(Former Chairman)*	*(Re-designated on 21 August 2013)*
Law Sze Lai	
Li Ningjun	*(Resigned on 21 August 2013)*

Independent non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-laws 87(1) of the Bye-laws, Mr. Tang Yui Man Francis, Mr. Xiang Ya Bo and Mr. Xin Luo Lin shall retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

At 31 December 2013, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Share"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares

Name of Directors	Capacity	Personal interest	Corporate interest	Family interest	Total interest in Shares	Approximate percentage of issued share capital of the Company at 31.12.2013
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	0.38%
Law Sze Lai	Beneficial owner	9,005,500	–	–	9,005,500	0.25%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,560,845,250 *(Note)*	7,285,410	1,568,130,660	44.28%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	0.60%

Note: These 1,560,845,250 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the Shares held by Asia Pacific under the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Other than the Share Option Scheme of the Company mentioned below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 ("Date of Adoption") (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for Shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the Date of Adoption.

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of Shares in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the Date of Adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of Shares in respect of which options may be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the Shares in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the Shares under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a Share on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for the grant of option.

At 31 December 2013, no options were granted under the 2012 Share Option Scheme since the Date of Adoption and a total of 354,111,283 Shares, (representing approximately 10% of the existing share capital of the Company) as at that date of this report, may be issued upon exercise of all options which may be granted under the 2012 Share Option Scheme.

Additional information in relation to the Company's share option schemes are set out in note 32 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this Annual Report, no contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short positions in Shares

Name of shareholder	**Capacity**	**Interest in Shares**	**Approximate percentage of the Company's issued share capital at 31.12.2013**
Asia Pacific	Beneficial owner	1,560,845,250 (Long) *(Note)*	44.08%

Note: The 1,560,845,250 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the Shares held by Asia Pacific under the SFO.

Save as disclosed above, as at 31 December 2013, the Company has not been notified of any other interests or short positions in the Shares and underlying Shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year were as follows:

(a) Connected transactions

During the year, saved as disclosed below there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

On 31 March 2011, Enerchina Holdings Limited ("Enerchina") and the Company entered into a Master Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by Enerchina and its subsidiaries from the Company and its subsidiaries, for a fixed term of three years from 1 April 2011 to 31 March 2014 (the "Master Agreement"). The annual cap amount for each of the financial year ended/ending 31 December 2011, 2012, 2013 and 2014 are HK$6,000,000, HK$8,000,000, HK$8,000,000 and HK$2,000,000 respectively. The total amount of the transactions as at 31 December 2013 was HK$2,900,000.

Enerchina and the Company are owned as to approximately 36.40% and 44.08% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Enerchina and the Company and thus a connected person of both Enerchina and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Enerchina and the Company, Enerchina and the Company are the associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Enerchina and the Company constitutes continuing connected transactions for both Enerchina and the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Master Agreement calculated on an annual basis were more than 0.1% and less than 5% for both Enerchina and the Company, in accordance with Rule 14A.34 of the Listing Rules, the Master Agreement was only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and was exempted from the independent shareholders' approval requirements. The Company had accordingly published an announcement in respect of the aforesaid continuing connected transactions on 31 March 2011.

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.37 of the Listing Rules and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the above 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. The auditor has issued unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules.

As the aforementioned Master Agreement is expiring on 31 March 2014, the Board is considering entering into a new agreement with Enerchina in respect of the aforementioned continuing connected transactions as from 1 April 2014. If the Company enters into such new agreement, the Company will issue an announcement as and when appropriate and comply with other requirements under the Listing Rules in this respect.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 31 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2013, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2013 is presented as follows:

	HK$'000
Non-current assets	4,583,703
Current assets	636,951
Current liabilities	(1,717,078)
Non-current liabilities	(3,647,726)
Net liabilities	(144,150)

The Group's attributable interest in the associated companies as at 31 December 2013 comprised net liabilities of HK$143,983,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2013.

DONATIONS

During the year the Group made charitable and other donations amounting to HK$4,386,000.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Director's as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 33% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 42% of the Group's total purchases.

During the year, the Group's largest customer accounted for approximately 6% of the Group's total sales and the Group's largest five customers accounted for 23% of the Group's total sales.

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2013.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements and under the heading "Share Option Scheme of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2013 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Tang Yui Man Francis
Chairman
Hong Kong, 18 March 2014

CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own corporate governance practices.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the existing Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

STATEMENT OF COMPLIANCE

During the year 2013, the Company has complied with the code provisions set out in the Code.

BOARD OF DIRECTORS

Composition

As at the date of this report, the board of directors of the Company (the "Board") comprises 8 members (each member of the Board, a "Director"). Mr. Tang Yui Man Francis acts as Chairman of the Board, whereas Mr. Xiang Ya Bo acts as Chief Executive Officer of the Company. Other Executive Director is Mr. Chen Wei and Non-executive Directors are Mr. Ou Yaping and Mr. Law Sze Lai. The Company has 3 Independent Non-executive Directors, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and related financial management expertise and representing at least one-third of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 12 to 14 of this Annual Report.

Each of the Independent Non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

Except for the family relationship between Mr. Ou Yaping and Mr. Xiang Ya Bo as disclosed in biographical details on pages 12 to 14 of this Annual Report, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including Independent Non-executive Director) is for a period of 1 year from 1 January 2014 to 31 December 2014 subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board, and the Bye-laws of the Company.

The Chief Executive Officer and the other executive Director are responsible for day-to-day management of the Company's operations. The executive Directors conduct regular meetings with the management of the Company and its subsidiaries (collectively the "Group"), at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

The procedures to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses was established.

The Bye-laws states the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports and financial results of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

During the year 2013, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and 2 board meetings convened as necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. An annual general meeting was also held during the year. Details of individual attendance of Directors are set out below:

	No. of meeting(s) attended		
	Regular Board Meeting	Other Board Meeting	Annual General Meeting
Executive Directors			
Tang Yui Man Francis *(Chairman)*	4	2	1
Xiang Ya Bo *(Chief Executive Officer)*	4	0	1
Chen Wei	4	1	1
Non-executive Directors			
Ou Yaping	4	2	1
Law Sze Lai	3	0	1
Li Ningjun (resigned on 21 August 2013)	2	0	1
Independent Non-executive Directors			
Tian Jin	4	0	1
Xiang Bing	3	0	0
Xin Luo Lin	4	0	1

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/ her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written materials to develop and refresh their professional skills; the Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on the Listing Rules.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings/ in-house workshop**
Executive Directors		
Tang Yui Man Francis *(Chairman)*	✓	✓
Xiang Ya Bo *(Chief Executive Officer)*	✓	✓
Chen Wei	✓	✓
Non-executive Directors		
Ou Yaping	✓	✓
Law Sze Lai	✓	✓
Independent Non-executive Directors		
Tian Jin	✓	✓
Xiang Bing	✓	✓
Xin Luo Lin	✓	✓

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Tang Yui Man Francis, remains separate from that of the Chief Executive Officer, Mr. Xiang Ya Bo. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development. During the year, the Chairman had met the Non-Executive Directors and Independent Non-Executive Directors without the presence of Executive Directors.

The Chief Executive Officer, assisted by other Executive Director, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

– attending regular Board meetings and focusing on business strategy, operational issues and financial performance;

– active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

– approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;

– monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

– monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

– consideration of misuse of corporate assets and abuse of related party transactions; and

– ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

– to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

– adoption of new code provision A.5.6 and related amendments in the Code and the board diversity policy of the Company;

– review the usage of annual caps on continuing connected transactions of the Group;

– review the compliance with the Code; and

– review of the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee comprises one Executive Director, being Mr. Tang Yui Man Francis, and two Independent Non-executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include the reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of Non-executive Directors etc.

During the year 2013, the Remuneration Committee:

– reviewed the remuneration policy for 2013/2014;

– reviewed the remuneration of the Executive Directors and the Independent Non-executive Directors and management year-end bonus;

– reviewed the approved the services agreement of Executive Directors; and

– made recommendation to the Board on the above matters.

The Remuneration Committee held 2 meetings during 2013 with individual attendance as follows:

Members of Remuneration Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Remuneration Committee)*	2
Tang Yui Man Francis *(appointed on 21 August 2013)*	0
Xiang Bing	2
Ou Yaping *(resigned on 21 August 2013)*	1

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

The remuneration of the members of the senior management (including all executive Directors and one non-executive Director) by band for the year ended 31 December 2013 is set out below:

Remuneration bands (HK$)	**Number of person(s)**
0 to 1,000,000	0
1,000,001 to 2,000,000	2
2,000,001 to 3,000,000	2
3,000,001 to 4,000,000	0
4,000,001 to 5,000,000	0
5,000,001 to 6,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the financial statements.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor, at least twice a year, to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

During the year 2013, the Audit Committee:

- reviewed the financial statements for the year ended 31 December 2012 and for the six months ended 30 June 2013;
- reviewed the effectiveness of the internal control system and risk management;
- reviewed the external auditor's findings;
- reviewed the continuing connected transactions and annual cap;
- reviewed and approved remuneration of auditor for financial year of 2012 and recommended the re-appointment of external auditor; and
- reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy.

As at 31 December 2013, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters is in place. No reporting has been received by Audit Committee during the year.

The Audit Committee held 3 meetings during the year 2013 with individual attendance as follows:

Members of Audit Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Tian Jin	3
Xiang Bing	3

Nomination Committee

As at the date of this Annual Report, a Nomination Committee comprises one executive Director, being Mr. Tang Yui Man Francis and three independent non-executive Directors, being Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Tian Jin.

The terms of reference of the Nomination Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

The Nomination Committee's responsibilities include the reviewing and recommending the structure, size and composition of the Board and recommending any change thereon; assessing the independence of independent non-executive directors and recommending the re-election of Directors etc.

During the year 2013, the Nomination Committee:

- reviewed of the structure, size and composition (including the skills, knowledge and experience) of the Board;
- assessed the independence of independent non-executive directors; and
- reviewed and made recommendations to the Board on re-election of retiring directors at the 2014 annual general meeting.

The Nomination Committee held 2 meetings during the year 2013 with individual attendance as follows:

Members of Nomination Committee	**No. of meeting(s) attended**
Tian Jin *(Chairman of the Nomination Committee)*	2
Tang Yui Man Francis	2
Xiang Bing	2
Xin Luo Lin	2

During the year 2013, Mr. Ou Yaping re-designated as a non-executive director of the Company and resigned as the Chairman of the Board; Mr. Tang Yui Man Francis resigned as the Chief Executive Officer of the Company and was appointed as the Chairman of the Board; Mr. Xiang Ya Bo was appointed as the Chief Executive Officer of the Company; and Mr. Li Ningjun resigned as a non-executive director of the Company. Save as disclosed, there is no change to the Board during the year.

The Nomination Committee nominated and the Board recommended Mr. Tang Yui Man Francis, Mr. Xiang Ya Bo and Mr. Xin Luo Lin, being Directors longest in office since their last re-election, to retire by rotation, being eligible, will offer themselves for re-election by shareholders of the Company at the forthcoming 2014 annual general meeting.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc. of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution the chosen candidate will bring to the Board.

The Board considers that Board diversity, including gender diversity, is a vital asset to the business.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2013, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for senior management and any individuals who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2013. Deloitte also reviewed the 2013 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2013 amounted to HK$1,780,000. Non-audit services fees charged by Deloitte are as follows:

	Fee
	HK$
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2013	450,000
Tax services	576,000
Other services	65,000
	1,091,000

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Based on the results of the review, the system was satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the internal control system.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Tang Yui Man Francis, the Chairman and Executive Director of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year.

A copy of memorandum of association and bye-laws of the Company is posted on the website of the Company at www.sinolinkhk.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the bye-laws of the Company, Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will be commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquires.

At the 2013 Annual General Meeting, a resolution was proposed by the Chairman in respect of each separate issue itemized on the agenda, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates and representatives of Deloitte participated the 2013 Annual General Meeting and answered questions from shareholders. No other general meeting was held during the year.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.sinolinkhk.com, where updates on the Company's business developments and operations, financial information and news can always be found.

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

28/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: group@sinolinkhk.com

In addition, procedure for Shareholders to propose a person for election as a director of the Company is available on the Company's website at www.sinolinkhk.com.

The above procedures are subject to the bye-laws of the Company and applicable laws and regulations.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the Auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 37 to 38.

Deloitte.
德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 105, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's loss 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
18 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	**2013** ***HK$'000***	2012 *HK$'000*
Turnover	5	**348,840**	314,569
Cost of sales		**(142,777)**	(158,139)
Gross profit		**206,063**	156,430
Other income	6	**169,082**	217,499
Selling expenses		**(3,041)**	(3,940)
Administrative expenses		**(91,196)**	(79,435)
Other expenses	7	**(4,454)**	(3,493)
Increase in fair value of investment properties	16	**121,554**	313,913
Gain on derivative components of convertible bonds		**–**	1,254
Fair value loss on investments held for trading		**(59,510)**	(19,073)
Share of results of associates		**(239,266)**	(64,434)
Finance costs	8	**(17,996)**	(10,450)
Profit before taxation	9	**81,236**	508,271
Taxation	11	**(104,289)**	(150,233)
(Loss) profit for the year		**(23,053)**	358,038
Attributable to:			
Owners of the Company		**(75,350)**	289,243
Non-controlling interests		**52,297**	68,795
		(23,053)	358,038
		HK cents	HK cents
(Loss) earnings per share	13		
Basic		**(2.13)**	8.17
Diluted		**(2.13)**	8.12

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *HK$'000*	2012 *HK$'000*
(Loss) profit for the year	**(23,053)**	358,038
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation	**169,550**	(1,397)
Share of translation reserve of associates	**(634)**	1,282
Other comprehensive income (expense) for the year	**168,916**	(115)
Total comprehensive income for the year	**145,863**	357,923
Total comprehensive income attributable to:		
Owners of the Company	**65,048**	289,213
Non-controlling interests	**80,815**	68,710
	145,863	357,923

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	**515,052**	412,053
Prepaid lease payments	15	**71,936**	71,043
Investment properties	16	**2,695,380**	2,492,685
Interests in associates	17	**–**	95,917
Amounts due from associates	17	**106,997**	92,794
Available-for-sale investments	18	**133,002**	13,511
Other receivables	11	**32,000**	–
Loan receivable	19	**2,107,584**	2,251,567
		5,661,951	5,429,570
Current assets			
Stock of properties	20	**742,129**	705,772
Trade and other receivables, deposits and prepayments	21	**142,587**	167,254
Prepaid lease payments	15	**1,367**	1,325
Investments held for trading	22	**144,912**	257,379
Pledged bank deposits	23	**5,866**	5,666
Bank balances and cash	23	**4,154,752**	4,002,192
		5,191,613	5,139,588
Current liabilities			
Trade payables, deposits received and accrued charges	24	**585,538**	647,915
Taxation payable		**1,018,093**	821,923
Borrowings – due within one year	25	**39,424**	25,432
		1,643,055	1,495,270
Net current assets		**3,548,558**	3,644,318
Total assets less current liabilities		**9,210,509**	9,073,888
Non-current liabilities			
Borrowings – due after one year	25	**240,621**	270,307
Deferred taxation	26	**346,547**	301,030
		587,168	571,337
		8,623,341	8,502,551

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	NOTE	**2013** **HK$'000**	2012 *HK$'000*
Capital and reserves			
Share capital	27	**354,111**	354,111
Reserves		**7,199,883**	7,134,835
Equity attributable to owners of the Company		**7,553,994**	7,488,946
Non-controlling interests		**1,069,347**	1,013,605
		8,623,341	8,502,551

The consolidated financial statements on pages 39 to 105 were approved and authorised for issue by the Board of Directors on 18 March 2014 and are signed on its behalf by:

Tang Yui Man Francis
CHAIRMAN

Xiang Ya Bo
CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	General reserves HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012	354,111	1,824,979	775,930	53,755	148,846	367,782	3,674,330	7,199,733	969,465	8,169,198
Profit for the year	–	–	–	–	–	–	289,243	289,243	68,795	358,038
Other comprehensive expense for the year	–	–	(30)	–	–	–	–	(30)	(85)	(115)
Total comprehensive (expense) income for the year	–	–	(30)	–	–	–	289,243	289,213	68,710	357,923
Lapse of share options	–	–	–	(53,755)	–	–	53,755	–	–	–
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	(24,570)	(24,570)
At 31 December 2012	354,111	1,824,979	775,900	–	148,846	367,782	4,017,328	7,488,946	1,013,605	8,502,551
(Loss) profit for the year	–	–	–	–	–	–	(75,350)	(75,350)	52,297	(23,053)
Other comprehensive income for the year	–	–	140,398	–	–	–	–	140,398	28,518	168,916
Total comprehensive income (expense) for the year	–	–	140,398	–	–	–	(75,350)	65,048	80,815	145,863
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	(25,073)	(25,073)
At 31 December 2013	354,111	1,824,979	916,298	–	148,846	367,782	3,941,978	7,553,994	1,069,347	8,623,341

Notes:

a. General reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

b. Contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *HK$'000*	2012 *HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	**81,236**	508,271
Adjustments for:		
Share of results of associates	**239,266**	64,434
Depreciation of property, plant and equipment	**9,051**	7,603
Release of prepaid lease payments	**1,346**	1,320
Interest income	**(114,825)**	(214,130)
Interest expenses	**17,996**	10,450
Increase in fair value of investment properties	**(121,554)**	(313,913)
Impairment loss on interest receivables	**3,165**	–
Gain on derivative components of convertible bonds	**–**	(1,254)
Gain on disposal of property, plant and equipment	**(789)**	(234)
Operating cash flows before movements in working capital	**114,892**	62,547
Increase in stock of properties	**(13,909)**	(32,623)
(Increase) decrease in trade and other receivables, deposits and prepayments	**(38,219)**	686
Decrease (increase) in investments held for trading	**112,467**	(82,220)
Increase in trade payables, deposits received and accrued charges	**(40,632)**	(22,062)
Cash generated from (used in) operations	**134,599**	(73,672)
Taxation refunded (paid)	**101,139**	(24,540)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**235,738**	(98,212)
INVESTING ACTIVITIES		
Interest received	**114,825**	99,532
Placement of pledged bank deposits	**(20)**	(5,041)
Proceeds from disposal of property, plant and equipment	**1,322**	532
Advance paid for investment projects	**–**	(110,974)
Refund of advance for investment projects	**37,641**	93,026
Purchase of property, plant and equipment	**(119,451)**	(61,265)
Development costs paid for investment properties under construction	**–**	(51,029)
Advances to associates	**(6,949)**	(17,204)
Purchase of available-for-sale investments	**(119,491)**	–
Proceeds from disposal of available-for-sale investments	**–**	250
Advance to independent third parties	**–**	(214,275)
Repayment from independent third parties	**–**	214,275
Advance to investee companies	**(6,390)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(98,513)**	(52,173)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Redemption of convertible bonds	**–**	(25,000)
Repayment of borrowings	**(25,975)**	(149,332)
New borrowings raised	**1,253**	61,425
Advance from an independent third party	**–**	50,000
Repayment to an independent third party	**–**	(50,000)
Dividends paid to non-controlling shareholder of a subsidiary	**(25,073)**	(24,570)
Interest paid	**(17,996)**	(18,862)
NET CASH USED IN FINANCING ACTIVITIES	**(67,791)**	(156,339)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**69,434**	(306,724)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**4,002,192**	4,312,385
Effect of foreign exchange rate changes	**83,126**	(3,469)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**4,154,752**	4,002,192

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HKD") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HKD as its presentation currency is that the Company is a public company with its shares listed on the Stock Exchange.

The principal activities of the Group are property development, property management and property investment.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 12 Disclosure of interests in other entities

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. Disclosures on the non-wholly owned subsidiaries and associates are made in notes 39 and 17, respectively.

2. 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, 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, subject to a few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset and the fair value of a liability as the amount that would be paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. 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. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. Disclosures on fair value of the Group's financial instruments and investment properties are made in notes 29 and 16, respectively.

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". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of income statement' is renamed as 'statement of profit or loss' and 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, 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.

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

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

HKFRS 9	Financial instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: employees contributions[2]
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 improvement to HKFRSs 2010-2012 cycle[4]
Amendments to HKFRSs	Annual improvement to HKFRSs 2011-2013 cycle[2]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for accounting periods beginning on or after 1 January 2014.

2 Effective for accounting 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 accounting periods beginning on or after 1 July 2014, with limited exceptions.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the 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.

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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 accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted shares in the PRC that are currently classified as available-for-sale investments and measured at cost less impairment at the end of each reporting period may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, given that the mandatory effective date is still unknown, it is not practicable to provide a reasonable estimate of that effect at this stage.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretation will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that 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.

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. 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. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. 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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

– has power over the investee;

– has exposure, or rights, to variable returns from its involvement with the investee; and

– has the ability to use its power over the investee 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 item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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, investments in associates are 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 associates. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

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 to sell) 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 of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value 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 it loses significant influence over that associate.

When a group entity transacts with its associate, 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.

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 and sales related taxes.

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments 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

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Service income

Service income including property management services and other services is recognised when services are provided.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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

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).

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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.

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.

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.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Buildings under development for future owner-occupied purpose (Continued)

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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 the profit or loss in the period in which the property is derecognised.

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 leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land and building (Continued)

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 "prepaid lease payments" 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.

Stock of properties

Stock of properties includes properties under development for sale and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs. The stock of properties are stated at the lower of cost and net realisable value.

The Group transfers properties from inventories to investment properties when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party.

The Group transfers properties from inventories to property, plant and equipment when there is a change of intention from holding the properties held for sales to owner-occupied or other purposes which is evidenced by commencement of owner-occupation.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets 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. Where 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 units for which a reasonable and consistent allocation basis can be identified.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets (Continued)

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 as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in a 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 and 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), 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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are mainly those classified as financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "fair value loss on investments held for trading" line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 29.

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 (including loan receivable, trade and other receivables, amounts due from associates, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment of 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 FVTPL, loans and receivables or held-to-maturity investments. The Group designated debt securities (e.g. debentures) as available-for-sale financial assets on initial recognition of those items.

Debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 financial assets carried at amortised cost, the amount of the impairment loss recognised in profit or loss 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 a trade 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.

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 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 Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 premiums 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 including borrowings, and trade payables and accrued charges are subsequently measured at amortised cost using the effective interest method.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Foreign currencies

In preparing the financial statements of each individual group entity, 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

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

Deferred tax is recognised on 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 differences 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 (other than in a business combination) of other 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose 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 and deferred tax assets 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).

Current and deferred tax are recognised in profit or loss.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates 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 judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The investment properties held by the Group's associates are also held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining deferred taxation on investment properties, the directors of the Company have determined that the presumption set out in HKAS 12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted.

Key sources of estimation uncertainty

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

Loan and receivables

Loan and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest method. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

The Group has a loan receivable (see note 19) which represents a shareholder's loan advanced to the Group's associate for financing a property development and property investment project in Shanghai and amounts due from associates (see note 17) represent receivables from associates which are mainly arisen from provision of project management services by the Group. The recoverability of these amounts is dependent on the cashflow to be generated from the property development and property investment project. Where the actual future cash flows are less than expected, an impairment loss may arise.

In determining whether an impairment for loan receivable and amounts due from associates is required, the management has taken into account the development status of the property development and property investment project and the expected market price and the future rental income of the properties in order to estimate the recoverability of the loan receivable and the amounts due from associates. An impairment loss of HK$303,737,000 (2012: HK$195,065,000) on the loan receivable is recognised during the year ended 31 December 2013 (see note 6). As at 31 December 2013, the carrying amount of loan receivable (net of impairment loss) and amounts due from associates are HK$2,107,584,000 (2012: HK$2,251,567,000) and HK$100,997,000 (2012: HK$92,794,000) respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

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 such as market evidence of transaction prices for similar properties in the same locations and conditions or, when appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation is reflective of the current market conditions and the current condition of the properties. Changes to these assumptions would result in changes in the fair values of the Group's and the associates' investment properties and the corresponding adjustments to the amount of fair value gain or loss of the Group's investment properties and share of results of associates reported in the consolidated statement of profit or loss. As at 31 December 2013, the carrying amount of investment properties is HK$2,695,380,000 (2012: HK$2,492,685,000). The carrying amount of investment properties held by associate is HK$4,496,183,000 (2012: HK$4,516,466,000).

Land appreciation tax ("LAT")

The PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the amortisation of land use rights, borrowing costs and all property development expenditure.

The subsidiaries engaging in property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the tax expense and provisions for LAT in the period in which such determination is made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurement and valuation process

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The chief financial officer works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market date to estimate the fair value of investment properties. Notes 29 and 16 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial instruments and investment properties, respectively.

5. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising on sale of properties, property management income, rental income and other services income, after deducting discounts, business tax and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of properties	**78,622**	83,848
Property management income	**116,388**	105,608
Rental income	**120,675**	93,434
Other service income	**33,155**	31,679
	348,840	314,569

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information

For management purposes, the Group is currently organised into the following operating divisions – property development, property management and property investment. These divisions are the basis on which the Group reports to the executive directors, the Group's chief operating decision makers, for performance assessment and resource allocation.

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

For the year ended 31 December 2013

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Total for reportable segment *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External sales	78,622	116,388	120,675	315,685	33,155	348,840
RESULT						
Segment result	3,688	2,577	241,647	247,912	15,583	263,495
Other income						169,082
Unallocated corporate expenses						(34,569)
Fair value loss on investments held for trading						(59,510)
Share of results of associates						(239,266)
Finance costs						(17,996)
Profit before taxation						81,236

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

For the year ended 31 December 2012

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Total for reportable segment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External sales	83,848	105,608	93,434	282,890	31,679	–	314,569
Inter-segment sales	–	–	–	–	2,211	(2,211)	–
	83,848	105,608	93,434	282,890	33,890	(2,211)	314,569
RESULT							
Segment result	14,683	(1,720)	395,013	407,976	13,018	–	420,994
Other income							217,499
Unallocated corporate expenses							(37,519)
Gain on derivative components of convertible bonds							1,254
Fair value loss on investments held for trading							(19,073)
Share of results of associates							(64,434)
Finance costs							(10,450)
Profit before taxation							508,271

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned/loss incurred by each segment without allocation of other income, central administration costs, directors' salaries, share of results of associates, change in fair value of investments held for trading and derivative components of convertible bonds and finance costs.

No analysis of the Group's assets and liabilities, and other information by reportable segments is disclosed as it is not regularly provided to the executive directors for review.

All the Group's turnover for both years is generated from the PRC (based on where the properties located) and substantially all the Group's non-current assets other than financial instruments (loan receivable, amount due from an associate and available-for-sale investments) are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the turnover of the Group for each of the year ended 31 December 2013 or 2012.

6. OTHER INCOME

Other income comprises:

	2013	2012
	HK$'000	*HK$'000*
Dividends from listed securities	**98**	80
Gain on disposal of property, plant and equipment, net	**789**	234
Net exchange gain (Note (a))	**24,830**	–
Consultancy income (Note (c))	**11,322**	–
Interest income on bank deposits	**112,023**	96,642
Interest income on loan receivable, net of impairment loss of HK$303,737,000 (2012: HK$195,065,000)	**–**	108,672
Interest income from independent third party (Note (b))	**–**	6,329
Interest income on listed senior notes	**2,802**	2,487
Others	**17,218**	3,055
	169,082	217,499

Notes:

(a) Net exchange gain of HK$2,479,000 are included in administrative expenses for the year ended 31 December 2012.

(b) The amount represents interest income from an advance of HK$30,000,000 with interest bearing at 2% per month to an independent third party. The advance was fully repaid during the year ended 31 December 2012.

(c) The income arisen from the consultancy services providing to independent third parties in advisory of setting up company in the PRC.

7. OTHER EXPENSES

Other expenses mainly comprise:

	2013	2012
	HK$'000	*HK$'000*
Donations	**4,386**	1,941

8. FINANCE COST

	2013 HK$'000	2012 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	**13,089**	2,067
– not wholly repayable within five years	**4,907**	16,795
Effective interest expense on convertible bonds	**–**	798
	17,996	19,660
Less: Amount capitalised to properties under construction	**–**	(5,526)
Amount capitalised to investment properties under construction	**–**	(3,684)
	17,996	10,450

Borrowing costs capitalised during the year ended 31 December 2012 were calculated by applying average capitalisation rate 3.2% per annum to expenditure on qualifying assets.

9. PROFIT BEFORE TAXATION

	2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**1,780**	1,700
Staff costs including directors' remuneration	**87,904**	79,674
Stock of properties recognised as cost of sales	**23,487**	29,954
Depreciation of property, plant and equipment	**9,051**	7,603
Operating lease rentals in respect of land and buildings	**2,538**	2,480
Release of prepaid lease payments	**1,346**	1,320
Impairment loss on interest receivables	**3,165**	–
Share of taxation of associates	**N/A**	35,545
and after crediting:		
Rental income, net of outgoings of HK$10,757,000 (2012: HK$12,355,000)	**109,918**	81,079
Share of taxation of associates	**46,093**	N/A

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 9 (2012: 9) directors of the Company were as follows:

	Year ended 31 December 2013									
	Mr. Ou Yaping HK$'000	**Mr. Tang Yui Man Francis HK$'000 (Note d)**	**Mr. Chen Wei HK$'000**	**Mr. Law Sze Lai HK$'000**	**Mr. Li Ningjun HK$'000 (Note e)**	**Mr. Xiang Ya Bo HK$'000 (Note d)**	**Mr. Xin Luo Lin HK$'000**	**Mr. Tian Jin HK$'000**	**Dr. Xiang Bing HK$'000**	**Total HK$'000**
Fees (Note a)	-	-	-	-	-	-	250	250	250	750
Other emoluments										
Salaries and other benefits (Note b)	5,428	2,380	246	1,468	614	1,253	-	-	-	11,389
Bonuses (Note c)	500	500	-	-	169	854	-	-	-	2,023
Retirement benefits scheme contributions	42	15	16	29	29	-	-	-	-	131
Total emoluments	5,970	2,895	262	1,497	812	2,107	250	250	250	14,293

	Year ended 31 December 2012									
	Mr. Ou Yaping HK$'000	Mr. Tang Yui Man Francis HK$'000 (Note d)	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Li Ningjun HK$'000	Mr. Xiang Ya Bo HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees (Note a)	-	-	-	-	-	-	250	250	250	750
Other emoluments										
Salaries and other benefits (Note b)	5,426	2,380	200	1,466	1,202	1,484	-	-	-	12,158
Bonuses (Note c)	-	-	-	-	-	500	-	-	-	500
Retirement benefits scheme contributions	42	14	13	29	40	-	-	-	-	138
Total emoluments	5,468	2,394	213	1,495	1,242	1,984	250	250	250	13,546

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Notes:

a. The director's fee of independent non-executive directors is determined by the board of directors and the remuneration committee of the Company with reference to their duties and responsibilities with the Group, the Group's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

c. The annual salary increment and year-end discretionary bonus (if any) of executive directors and non-executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to their duties and responsibilities within the Group, the Group's performance and the prevailing market situation.

d. Mr. Tang Yui Man Francis is the Chief Executive of the Company before 21 August 2013 and Mr. Xiang Ya Bo is the Chief Executive of the Company on and after 21 August 2013 and their emoluments disclosed above include those for services rendered by them as the Chief Executive.

e. Mr. Li Ningjun resigned as a non-executive director on 21 August 2013.

Of the five individuals with the highest emoluments in the Group, 4 (2012: 4) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual were as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other emoluments benefits	**2,335**	1,215
Retirement benefits scheme contributions	**5**	42
	2,340	1,257

During the year, no remuneration was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2013 and 2012.

11. TAXATION

	2013	2012
	HK$'000	HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax – underprovision in prior years	–	65
PRC Enterprise Income Tax	56,304	32,025
PRC LAT	12,584	9,888
Withholding tax on distribution of earnings of a PRC subsidiary	–	24,862
	68,888	66,840
Deferred taxation (Note 26)	35,401	83,393
	104,289	150,233

No provision for Hong Kong Profits Tax has been made in the financial statements as the amount involved was insignificant for both years.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2013 (2012: 25%) according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

In addition, LAT shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau has echoed by promulgating Shenfubanhan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards contracts signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

11. TAXATION (Continued)

The charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2013 HK$'000	2012 HK$'000
Profit before taxation	**81,236**	508,271
Tax at the applicable tax rate of 25% (2012: 25%)	**20,309**	127,068
Tax effect of expenses not deductible for tax purpose	**3,276**	7,847
Tax effect of income not taxable for tax purpose	**(16,383)**	(42,218)
Tax effect of share of results of associates	**59,817**	16,109
Land appreciation tax	**12,584**	9,888
Tax effect of land appreciation tax deductible for tax purpose	**(3,146)**	(2,472)
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**5,013**	4,914
Tax effect of tax losses not recognised	**22,819**	4,170
Underprovision in prior years	**–**	65
Withholding tax paid	**–**	24,862
Taxation for the year	**104,289**	150,233

During the years ended 31 December 2013 and 2012, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Group regarding the chargeability of notional interest income recorded from an associate of the Group in the tax returns for the years of assessment 2005/06 to 2010/11. The IRD has issued estimated/additional assessments demanding final tax ("Assessments") of HK$54 million to a subsidiary of the Company for the year of assessment 2006/2007. Up to 31 December 2013, the Group has purchased tax reserve certificates of approximately HK$32,000,000 (2012: nil) for conditional standover order of objection against the notices of assessments for the year of assessment 2006/2007 and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. The Group has purchased another tax reserve certificate of approximately HK$41,000,000 in February 2014 for conditional standover order of objection against the notices of assessments for the year of assessment 2007/2008 of HK$41,000,000. Having taken advices from legal counsel and tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments. It is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

Also, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax returns for the year of assessment 2007/2008. The Group has purchased tax reserve certificate of approximately HK$23,649,000 for conditional standover order of objection in February 2014. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments. It is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

12. DIVIDENDS

No dividends were paid, declared or proposed during both years.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2013 (2012: nil).

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of basic (loss) earnings per share, being (loss) profit for the year attributable to owners of the Company	**(75,350)**	289,243
Effect of dilutive potential ordinary shares:		
Loss on derivative components of convertible bonds	**–**	(1,254)
Interest on convertible bonds	**–**	798
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(75,350)**	288,787

	Number of shares	
	2013	2012
Number of shares for the purpose of basic (loss) earnings per share	**3,541,112,832**	3,541,112,832
Effect of dilutive potential ordinary shares: Convertible bonds	**–**	16,874,222
Number of shares for the purpose of diluted (loss) earnings per share	**3,541,112,832**	3,557,987,054

No diluted loss per share information has been presented as there were no potential ordinary shares outstanding for the year ended 31 December 2013.

The computation of diluted earnings per share for the year ended 31 December 2012 did not assume the exercise of the Company's share options because the exercise prices of these options were higher than the average market price for shares for year ended 31 December 2012.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Furniture, fixtures and equipment	Motor vehicles	Property under construction	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 January 2012	79,144	41,097	18,471	196,669	335,381
Currency realignment	–	24	4	594	622
Transfer from stock of properties	11,368	–	–	–	11,368
Additions	–	6,589	1,011	160,668	168,268
Disposals	–	(488)	(1,439)	–	(1,927)
At 31 December 2012	90,512	47,222	18,047	357,931	513,712
Currency realignment	4,085	1,328	447	12,741	18,601
Additions	–	4,738	3,494	88,841	97,073
Disposals	–	(196)	(4,630)	–	(4,826)
At 31 December 2013	94,597	53,092	17,358	459,513	624,560
DEPRECIATION					
At 1 January 2012	45,475	36,621	13,568	–	95,664
Currency realignment	17	2	2	–	21
Provided for the year	3,642	2,448	1,513	–	7,603
Eliminated on disposals	–	(264)	(1,365)	–	(1,629)
At 31 December 2012	49,134	38,807	13,718	–	101,659
Currency realignment	1,626	1,147	318	–	3,091
Provided for the year	4,163	3,256	1,632	–	9,051
Eliminated on disposals	–	(189)	(4,104)	–	(4,293)
At 31 December 2013	54,923	43,021	11,564	–	109,508
CARRYING VALUES					
At 31 December 2013	39,674	10,071	5,794	459,513	515,052
At 31 December 2012	41,378	8,415	4,329	357,931	412,053

The carrying amount of the Group's leasehold land and buildings comprises properties situated in the PRC and held under long leases.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for property under construction, are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

Leasehold land and buildings	Over the shorter of lease term and 50 years
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

15. PREPAID LEASE PAYMENTS

	2013	2012
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong held under long leases		
Non-current assets	**71,936**	71,043
Current assets	**1,367**	1,325
	73,303	72,368

16. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under construction**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
FAIR VALUE			
At 1 January 2012	1,869,297	131,126	2,000,423
Exchange realignment	1,122	235	1,357
Transfer from prepaid lease payments	–	47,851	47,851
Construction costs incurred	–	129,141	129,141
Transfer	308,353	(308,353)	–
Increase in fair value of investment properties	313,913	–	313,913
At 31 December 2012	2,492,685	–	2,492,685
Exchange realignment	81,141	–	81,141
Increase in fair value of investment properties	121,554	–	121,554
At 31 December 2013	2,695,380	–	2,695,380
Unrealised gain on property revaluation included in profit or loss	121,554	–	121,554

16. INVESTMENT PROPERTIES (Continued)

The fair value of the completed investment properties at 31 December 2013 and 2012 have been arrived at on the basis of a valuation carried out on those dates by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and are the members of The Hong Kong Institute of Surveyors.

The fair value of retail premises and office was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed based on estimates of future cash flows, with reference to assumptions and inputs that knowledgeable willing parties would assume about rental income for future leases in the light of current conditions. The capitalisation rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shenzhen and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value of carparks was determined based on direct comparison approach making reference to comparable market observable transactions of similar locations and conditions as available in the relevant market. There has been no change from the valuation technique used in the prior year.

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

At the end of the reporting period, the management of the Group works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

The fair values of investment properties as disclosed below are determined (in particular, the valuation techniques and input used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

There were no transfers into or out of Level 3 during both years.

16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable input

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of significant inputs	Relationship of inputs to fair value
	HK$'000					
As at 31 December 2013						
Office and retail premises	1,960,520	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of rental income potential and nature of property	5% – 7.5%	The higher the capitalisation rate, the lower the fair value.
				(ii) Monthly market rent	(a) Office: RMB117 to RMB143 per month per square meter (b) Rental premises: RMB90 to RMB170 per month per square meter	The higher the market rent, the higher the fair value.
Car parks	734,860	Lever 2	Direct comparison approach	(i) Market price	RMB80,000 to RMB170,000 per month per lot	The higher the market rent the higher the fair value
	2,695,380					

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

The investment properties are held under long leases and are situated in the PRC.

At 31 December 2013, the Group's investment properties with a carrying value of HK$1,381,679,000 (2012: HK$722,565,000) were pledged to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2013 HK$'000	2012 HK$'000
Cost of unlisted investment in associates	4	4
Share of post-acquisition results and other comprehensive income	(4)	95,913
	–	95,917
Amounts due from associates (note)	106,997	92,794

Note:

At 31 December 2013 and 2012, amounts due from associates were unsecured, interest-free and repayable on demand. Due to the construction process of the property project of RGAP as disclosed in note 19, the directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amount is classified as a non-current asset at 31 December 2013. However, in the opinion of the directors of the Company, it is still expected that the amount will be fully recoverable.

Details of the Group's principal associates as at 31 December 2013 and 2012 are as follows:

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group	Principal activities
Interest directly held by the Group				
Rockefeller Group Asia Pacific, Inc. ("RGAP")	The British Virgin Islands ("BVI") – limited liability company	Hong Kong	49%	Investment holding
Interests indirectly held by the Group through RGAP				
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC – equity interest venture	PRC	44.57%*	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC – limited liability company	PRC	44.57%*	Property management

* The percentage represented the effective interest on these entities by the Group.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The summarised consolidated financial information in respect of RGAP and its subsidiaries (collectively known as RGAP Group) is set out below:

	2013	2012
	HK$'000	*HK$'000*
Non-current assets	**4,583,703**	4,609,084
Current assets	**636,951**	544,053
Current liabilities	**(1,717,078)**	(437,814)
Non-current liabilities	**(3,647,726)**	(4,379,881)
Net (liabilities) assets	**(144,150)**	335,442
Equity attributable to owners of RGAP	**(293,843)**	195,749
Non-controlling interests of RGAP's subsidiaries	**149,693**	149,693
	(144,150)	345,442
Group's share of net assets of associates	**–**	95,917
Revenue	**49,134**	22,934
Loss for the year (note)	**(488,298)**	(131,613)
Other comprehensive (expense) income for the year	**(1,294)**	2,731
Total comprehensive expenses for the year attributable to owners of RGAP	**(489,592)**	(128,882)
Group's share of losses of associates for the year	**(239,266)**	(64,434)
Group's share of other comprehensive (expense) income of associate for the year	**(634)**	1,282
Total	**(239,900)**	(63,152)

Note: The loss for the year is mainly attributed by the change in fair value of investment properties of HK$598,220,000 (2012: HK$12,707,000).

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013	2012
	HK$'000	*HK$'000*
Net (liabilities) assets of RGAP Group attributable to owners of RGAP	**(293,843)**	195,749
Proportion of the Group's ownership interest in RGAP Group	**49%**	49%
Carrying amount of the Group's interest in RGAP Group	**–**	95,917
Cumulative loss in excess of cost of investment in RGAP recognised against loan receivable (note 19)	**(143,983)**	–

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

The main assets of RGAP Group are investment properties in the PRC. The following table shows the valuation techniques and inputs used in the determination of fair values for investment properties of associates as well as fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

Description	Fair value	Fair value hierarchy	Valuation Techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK$'000					
As at 31 December 2013						
Investment properties under construction	2,167,939	Level 3	Residual approach	Market unit sales rate with an expected profit margin of 15%	Market unit sale rate: RMB99,000 to RMB120,000 per square meter	The higher the market unit sales rate, the higher the fair value.
Investment properties – Completed office and retail premises	2,328,244	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.5% – 7%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB240 – RMB1,200 per month per square meter	The higher the market rent, the higher the fair value.
	4,496,183					

The valuations of investment properties under construction were arrived at with adoption of the residual approach on the basis that they will be developed and completed in accordance with the latest development proposals and taking into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, management of RGAP has taken the highest and best use of the properties into account.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	HK$'000	*HK$'000*
Available-for-sale investments comprise:		
Unlisted equity securities in the PRC, at cost	**119,491**	–
Debentures, at fair value	**13,511**	13,511
Total	**133,002**	13,511

During the year ended 31 December 2013, the Group subscribed approximately 8.1% of the enlarged equity interest in an entity established in the PRC for a consideration of RMB81,000,000 (equivalent to HK$103,053,000).

Furthermore, the Group invested in another entity established in the PRC for a consideration of approximately RMB12,920,000 (equivalent to HK$16,438,000) and classified such investment as available-for-sale investment.

The above unlisted equity investments 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.

19. LOAN RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Shareholder's loan receivable	**2,251,567**	2,251,567
Less: Loss allocated in excess of cost of investment	**(143,983)**	–
	2,107,584	2,251,567

The amount represents a shareholder's loan receivable to RGAP, an associate of the Group, for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimated timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

19. LOAN RECEIVABLE (Continued)

Due to an increase in budget construction costs and decrease in estimated rental income on the property projects of RGAP, the directors of the Company reassessed the recoverable amount of loan receivable taking into consideration the recoverable amounts of the assets and the liabilities of the associate. The recoverable amount of the assets of the associate was determined based on fair value of investment properties of associate and the net realisable value of properties under development for sale of the associate. Accordingly, an impairment loss of HK$303,737,000 (2012: HK$195,065,000) that represents the difference between the loan receivable's carrying amount and the present value of the estimated future cash flows discounted at its original effective interest rate is recognised in profit or loss during the period. During the year ended 31 December 2013, after netting off with the interest income recognised by the Group of HK$303,737,000, no impairment loss is recognised in the consolidated statement of profit or loss accordingly. During the year ended 31 December 2012, after netting off with the interest income recognised by the Group of HK$303,737,000, a net interest income of HK$108,672,000 is recognised in the consolidated statement of profit or loss and included as other income accordingly.

The directors of the Company have assessed the recoverability of the loan receivable of HK$2,107,584,000 (2012: HK$2,251,567,000) at 31 December 2013 and concluded that the amount will be fully recoverable.

20. STOCK OF PROPERTIES

	2013	2012
	HK$'000	*HK$'000*
Properties under development	**742,129**	683,904
Stock of properties held for sale	**–**	21,868
	742,129	705,772

Properties under development of HK$742,129,000 (2012: HK$683,904,000) represent the carrying value of the properties expected to be completed within one year from the end of the reporting period.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	HK$'000
Trade receivables	7,146	4,121
Interest receivables	7,436	15,241
Advances paid for investment projects (Note)	76,336	110,974
Amounts due from investee companies	8,210	1,820
Other receivables, deposits and prepayments	43,459	35,098
	142,587	167,254

Note: In December 2012, the Group entered into a cooperative agreement (the "Agreement") with a company established in the PRC, an independent third party, for a proposed property development project in the PRC (the "Project") and advanced RMB90,000,000 to that company. The amount was secured by personal guarantees provided by six independent persons and bore interest at 2% per month. The amount is repayable in 45 days if the conditions stated in the Agreement (i.e. submission of feasibility study report on the property development project) cannot be met. During the year ended 31 December 2013, RMB30,000,000 (equivalent to approximately HK$37,641,000) is refunded. On 28 May 2013, a supplemental agreement is signed amongst all relevant parties and agreed the deadline of the submission of feasibility study extended to 28 February 2014. Subsequent to 28 February 2014, this advance is subsequently settled by the counterparty.

The Group allows an average credit period ranging from 0 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on invoice dates at the end of reporting period, which approximated the respective revenue recognition dates.

	2013	2012
	HK$'000	HK$'000
Aged:		
0 to 60 days	6,211	3,402
61 to 180 days	561	432
Over 181 days	374	287
	7,146	4,121

Management closely monitors the credit quality of trade receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$935,000 (2012: HK$719,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Aging of trade receivables which are past due but not impaired:

	2013 HK$'000	2012 HK$'000
61-180 days	**561**	432
Over 181 days	**374**	287
	935	719

The Group has not provided fully for all receivables aged over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

22. INVESTMENTS HELD FOR TRADING

	2013 HK$'000	2012 HK$'000
Investments held for trading, at fair value:		
– Equity securities listed in Hong Kong	**125,277**	158,683
– Senior notes listed overseas	**19,635**	20,214
– Unlisted managed investment fund	**–**	78,482
	144,912	257,379

The fair value of the above listed equity securities and senior notes were determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

The fair value of the investment in unlisted managed investment fund as at 31 December 2012, in which the Group as a unit holder has the right to require the counterparty to redeem the units at an agreed price, was determined with reference to the net assets value of the fund, which is also the price of redemption, provided by the bank which is also the administrator of the investment fund.

During the year ended 31 December 2013, net realised gain of approximately HK$6,321,000 on disposal of investments held for trading is included in change in fair value loss on investments held for trading.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group and deposits pledged to a bank for issuance of banking guarantee provided to a contractor in respect of refurbishment in a property project. As at 31 December 2013, the deposits of HK$5,200,000 (2012: HK$5,031,000) have been pledged to secure short-term bank loans and for a contractor in respect of refurbishment in a property project of the Group which is expected to be completed in 2014, and are therefore classified as current assets. The pledged bank deposits will be released upon the repayment of the relevant bank borrowings and the completion of the property project.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 6.42% (2012: 0.00% to 6.62%) per annum at 31 December 2013.

At the end of the reporting period, the Group has the following bank balances denominated in foreign currencies of the relevant group entities:

	2013	2012
	HK$'000	*HK$'000*
Bank balances denominated in:		
United States dollars	**85,641**	773
HKD	**11,273**	89,377
RMB	**818,444**	651,481

24. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**115,788**	217,515
Other payables for construction work	**257,955**	176,041
Deposits and receipts in advance	**105,495**	97,896
Other payables and accrued charges	**106,300**	156,463
	585,538	647,915

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**24,221**	36,369
91 to 180 days	**1,182**	47,886
181 to 360 days	**45,974**	13,826
Over 360 days	**44,411**	119,434
	115,788	217,515

25. BORROWINGS

	2013 HK$'000	2012 HK$'000
Bank borrowings – secured	**63,760**	61,460
Bank borrowings – unsecured	**216,285**	234,279
	280,045	295,739
Carrying amount repayable:		
Within one year	**39,424**	25,432
More than one year but not exceeding two years	**40,219**	38,147
More than two years but not exceeding five years	**125,492**	119,066
More than five years	**74,910**	113,094
	280,045	295,739
Less: Amount classified as current liabilities	**(39,424)**	(25,432)
Amount due after one year and classified as non-current liabilities	**240,621**	270,307

At 31 December 2013, the bank borrowings carried interest at benchmark interest rate as stipulated by the People's Bank of China plus a certain percentage. The interest rates as at the end of the reporting period for these loans range from 5.90% to 7.55% (2012: 5.35% to 7.21%) per annum.

The unsecured bank borrowings are corporate guaranteed by Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC").

26. DEFERRED TAXATION

	Revaluation on investment properties HK$'000	Undistributed profits of subsidiaries HK$'000	Total HK$'000
At 1 January 2012	194,006	23,384	217,390
Currency realignment	141	106	247
Charge to consolidated statement of profit or loss	78,479	4,914	83,393
At 31 December 2012	272,626	28,404	301,030
Currency realignment	9,136	980	10,116
Charge to consolidated statement of profit or loss	30,388	5,013	35,401
At 31 December 2013	312,150	34,397	346,547

26. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has estimated unused tax losses of HK$137,910,000 (2012: HK$46,634,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such tax losses may be carried forward indefinitely.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributable retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$2,131,931,000 (2012: HK$2,048,040,000) as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

27. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2012, 31 December 2012 and 31 December 2013	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 31 December 2013	3,541,112,832	354,111

28. CAPITAL RISK 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. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, and equity attributable to owners of the Company, comprising issued share capital, reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013	2012
	HK$'000	*HK$'000*
Financial assets		
Fair value through profit or loss		
Held for trading	**144,912**	257,379
Loans and receivables (including cash and cash equivalents)	**6,509,025**	6,505,160
Available-for-sale financial assets	**133,002**	13,511
Financial liabilities		
Amortised cost	**802,809**	778,602

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan receivable, trade and other receivables, amounts due from associates, investments held for trading, pledged bank deposits, bank balance and cash, borrowings and trade payables and accrued charges. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management considers the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain bank balances are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

Since the exchange rate of HK$ is pegged with USD, the Group does not expect any significant movements in USD/HK$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between USD and HK$. The Group's sensitivity based on 5% increase and decrease in the functional currency of the respective group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

At the end of the reporting period, the Group has the following financial assets denominated in foreign currencies of the relevant group entities:

	2013	2012
	HK$'000	*HK$'000*
Bank balances denominated in:		
United States dollars	**85,641**	773
HKD	**11,273**	89,377
RMB	**818,444**	651,481

If foreign currency exchange rate had been 5% higher/lower and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2013 would increase/decrease by HK$41,486,000 (2012: profit after taxation would decrease/increase by HK$37,043,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable from an associate and advance paid for investee projects and cash flow interest rate risk in relation to bank balances and pledged bank deposits at prevailing market rates and variable-rate bank borrowings. The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2013 would decrease/increase by HK$12,750,000 (2012: profit after taxation would increase/decrease by HK$12,032,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank balances, pledge bank deposits and variable-rate bank borrowings in the PRC.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities, listed senior notes and unlisted managed investment fund. The Group has concentration risk on its investments held for trading which were mainly investments in the property industry sector and has equity price risk on equity instruments quoted in the Stock Exchange and from a financial institution respectively. The Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

In addition, during the year ended 31 December 2012, the Group is required to estimate the fair value of the conversion and early redemption option derivatives in the convertible bonds at the end of the reporting period with changes in fair value to be recognised in the consolidated statement of profit or loss as long as the convertible bonds are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes of the Company's share market price and share price volatility.

The sensitivity analyses below have been determined based on the exposure to equity price risks.

If the prices of the respective equity instruments had been 10% higher/lower, loss after taxation for the year ended 31 December 2013 decrease/increase by HK$12,100,000 (2012: profit after taxation would increase/decrease HK$21,491,000) as a result of the changes in fair value of investments held for trading.

Credit risk

As at 31 December 2013, 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 and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in note 33.

As at 31 December 2013, the Group has HK$76,336,000 (2012: HK$110,974,000) receivable from an independent third party during the year as disclosed in note 21, such advance was interest bearing at 2% per month, repayable immediately on 28 February 2014 (2012: 28 May 2013) if the counterparties fails to submit feasibility study to the Group and secured by personal guarantees provided by six independent persons who were assessed to be creditworthy by the management of the Group. This advance is subsequently settled by counterparty.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other 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 trade and other receivables, advances to independent third parties at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of loan receivable and amounts due from associates, the management has regularly reviewed the development status of the property development and property investment project of the associates and the expected market price and the rental income of the properties. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

Other than concentration of credit risk on advances to independent third parties as disclosed above, loan receivable and amounts due from associates, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on sale of properties and borrowings as a source of liquidity.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has 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 table includes both interest and principal cash flows.

	Weighted average interest rate	**On demand or less than 1 month**	**1 month to 1 year**	**1 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2013**
	%	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2013							
Trade payables and accrued charges	**–**	**167,156**	**355,608**	**–**	**–**	**522,764**	**522,764**
Financial guarantees (Note)	**–**	**59,034**	**–**	**–**	**–**	**59,034**	**–**
Borrowings	**6.05**	**4,697**	**51,666**	**209,617**	**97,138**	**363,118**	**280,045**
		230,887	**407,274**	**209,617**	**97,138**	**944,916**	**802,809**

	Weighted average interest rate	On demand or less than 1 month	1 month to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2012
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2012							
Trade payables and accrued charges	–	139,118	343,745	–	–	482,863	482,863
Financial guarantees (Note)	–	63,296	–	–	–	63,296	–
Borrowings	6.88	1,339	40,150	203,502	123,918	368,909	295,739
		203,753	383,895	203,502	123,918	915,068	778,602

Note: The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if the mortgage loans are defaulted by the counter parties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under that arrangement. However, this estimate is subject to change depending on the probability of the counter parties would default on the relevant loans under the guarantee which is a function of the likelihood that the financial receivables held by banks which are guaranteed suffer credit losses.

29. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31.12.2013 *HK'000*	31.12.2012 *HK'000*	Fair value hierarchy	Valuation technique(s) and key input(s)
Investment in listed equity securities held for trading	**125,277**	158,683	Level 1	Quoted bid prices in an active market
Investment senior notes listed overseas	**19,635**	20,214	Level 1	Recent transaction prices

There were no transfers between Level 1 and 2 during both years.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

30. CONVERTIBLE BONDS

On 28 September 2009 ("Issue Date"), the Company issued the three-year zero coupon convertible bonds at par with a nominal value of HK$500,000,000 to independent third parties. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 28 September 2012 ("Maturity Date") at a conversion price of HK$1.10 per ordinary share. If the bonds have not been converted, they will be redeemed on Maturity Date at par. During the year ended 31 December 2012, convertible bonds with a nominal value of HK$25,000,000 were redeemed by the Group at cash consideration of HK$25,000,000.

The convertible bonds contain two components, liability component and conversion and early redemption option derivative components. The effective interest rate of the liability component is 6.85%. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

30. CONVERTIBLE BONDS (Continued)

The Company has right to redeem, in whole and not in part, the convertible bonds, at any time commencing from the Issue Date to Maturity Date, by giving the bondholders at least seven business days' prior notice at the redemption amount which is 100% of the principal amount of the outstanding convertible bonds as at the date of redemption.

Each of the bondholder may, at any time during the period commencing from the Issue Date, and expiring on the Maturity Date, request the Company to redeem, in whole or in part, the outstanding convertible bonds held by it.

The movement of the liability component and conversion and early redemption option derivative components of the convertible bonds for the year ended 31 December 2012 is set out as below:

	Principal amount *HK$'000*	**Carrying amount of liability component** *HK$'000*
At 1 January 2012	25,000	24,202
Interest charge	–	798
Redemption during the year	(25,000)	(25,000)
At 31 December 2012 and 31 December 2013	–	–

	Conversion and early redemption option derivatives *HK$'000*
At 1 January 2012	1,254
Gain on derivative components recognised in profit or loss	(1,254)
At 31 December 2012 and 31 December 2013	–

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its associates during the year.

Name of related party	**Nature of transaction**	**2013** ***HK$'000***	2012 *HK$'000*
RGAP	Interest income on shareholder's loan	**–**	108,672
Shanghai Rockefeller	Project management fee income	**26,195**	26,195

The key management personnel are the directors and the five highest paid individuals of the Company. The details of the remuneration paid to them are set out in note 10.

32. SHARE OPTIONS SCHEME

The Company's share option scheme was adopted pursuant to the resolutions passed on 24 May 2002 (the "2002 Share Option Scheme") for providing incentives to directors and eligible employees. The 2002 Share Option Scheme expired on 23 May 2012. Under the 2002 Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, to subscribe for shares in the Company.

Movements of the Company's share options held by employees (including directors) during the year were as follows:

	Number of share options		
	Outstanding at 1.1.2012	Lapsed during 2012	**Outstanding at 31.12.2012 & 31.12.2013**
2002 Scheme	109,987,500	(109,987,500)	**–**
Weighted average exercise price (HK$)	1.687	1.687	**N/A**

During the year, no options were granted, exercised or cancelled under the 2002 Share Option Scheme.

A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years and no options were granted since the date of its adoption.

33. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Funds ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made contributions to the retirement benefits schemes amounting to HK$5,662,000 (2012: HK$3,819,000).

34. CONTINGENT LIABILITIES

	2013	2012
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**59,034**	63,296

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant during both years and it is not probable that the counter parties would default on the relevant loans.

35. COMMITMENTS

	2013	2012
	HK$'000	*HK$'000*
Capital commitments in respect of properties under constructions:		
– contracted for but not provided in the consolidated financial statements	**45,517**	26,683
– authorised but not contracted for	**226,556**	197,755
Commitments in respect of properties under development:		
– contracted for but not provided in the consolidated financial statements	**170,806**	130,062

36. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease receipts in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**84,809**	71,664
In the second to fifth year inclusive	**161,312**	155,283
Over five years	**45,062**	53,864
	291,183	280,811

The properties held have committed tenants for periods up to ten years after the end of the reporting period.

36. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**2,176**	10,411
In the second to fifth years inclusive	**317**	7,387
	2,493	17,798

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to two years.

37. PLEDGE OF ASSETS

At 31 December 2013, bank deposits of HK$5,866,000 (2012: HK$5,666,000) and investment properties with an aggregate carrying amount of HK$1,381,679,000 (2012: HK$496,917,000) were pledged to banks to secure general banking facilities granted to the Group.

38. MAJOR NON-CASH TRANSACTIONS

As at year end, the Group acquired property, plant and equipment and investment properties amounting to HK$92,921,000 (2012: HK$101,477,000) and HK$165,034,000 (2012: HK$74,428,000) respectively which remained unsettled and were included in other payables for construction work as disclosed in note 24, respectively.

During the year ended 31 December 2012, stock of properties held for sales with the aggregate carrying amount of HK$11,368,000 was transferred to property, plant and equipment upon commencement of own use as a staff quarter.

39. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Cnhooray Internet Technology Co., Ltd. ("Cnhooray Internet") 深圳日訊網絡科技股份有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	–	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI	US$1	100%	–	Investment holding
Firstline Investment Limited	BVI	US$1	–	100%	Investment holding
Global Mark Investments Limited	BVI	US$1	–	100%	Investment holding
Knatwood Limited	BVI	US$1	–	100%	Investment holding
Link Capital Investments Limited	BVI	US$50,000	–	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	–	100%	Investment holding
Ocean Diamond Limited	BVI	US$50,000	–	100%	Investment holding
Real Achieve Limited	BVI	US$1	100%	–	Investment holding
Shanghai Sinolink Xijiao Property Development Co., Ltd. ("Shanghai Sinolink Xijiao") 上海百仕達西郊地產發展有限公司	PRC – Limited company	RMB190,000,000	–	80%	Property development
上海百仕達蘇河灣地產發展有限公司 ("百仕達蘇河灣")	PRC – Limited company	RMB5,000,000	–	80%	Property development
深圳市百仕達置地有限公司 ("百仕達置地")	PRC – Limited company	RMB10,000,000	–	80%	Property development
SMWC	PRC – Sino-foreign equity joint venture	RMB200,000,000	–	87%	Property development
深圳百仕達商業管理有限公司 ("百仕達商業")	PRC – Limited company	RMB1,000,000	–	80%	Property management

39. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
深圳百仕達酒店管理有限公司 ("百仕達酒店管理")	PRC – Limited company	RMB1,000,000	–	80%	Property management
Shenzhen Sinolink Property Management Co., Ltd. ("Sinolink Management") 深圳百仕達物業管理有限公司	PRC – Limited company	RMB5,000,000	–	80%	Property management
Sino Elegance Investment Holdings Limited 源品投資控股有限公司	Hong Kong	HK$1	–	100%	Investment holding
Sino Support Holdings Limited 漢承控股有限公司	BVI	USD3,000	100%	–	Investment holding
Sinolink Assets Management Limited	BVI	US$2	100%	–	Investment holding
Sinolink LPG Development Limited	BVI	US$1	–	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	US$1	–	100%	Investment holding
Sinolink Progressive Limited	BVI	US$47,207	100%	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	–	100%	Dormant
Sinolink Properties Limited ("Sinolink Properties") 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	–	80%	Property development and property investment
Sinolink Shanghai Investments Ltd.	BVI	US$1	100%	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	100%	Investment holding
Smart Orient Investments Limited	BVI	US$1	100%	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	–	Investment holding

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

39. LIST OF SUBSIDIARIES (Continued)

None of the subsidiaries had issued any debt securities at the end of the year.

A majority of these subsidiaries operate in property development and property management in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal business	Principal place of business	Number of subsidiaries 2013	2012
Property development	PRC, Shenzhen	**3**	3
	PRC, Shanghai	**2**	2
Property management	PRC, Shenzhen	**3**	3
Property investment	PRC, Shenzhen	**1**	1
		9	9

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2013	2012	Profit (loss) allocated to non-controlling interests 2013 HK$'000	2012 HK$'000	Accumulated non-controlling interests 2013 HK$'000	2012 HK$'000
Sinolink Properties and its subsidiaries (Note)	Hong Kong/PRC	**20%**	20%	**49,655**	69,246	**958,450**	908,856
Cnhooray Internet	PRC	**20%**	20%	**2,642**	(451)	**110,897**	104,749
				52,297	68,795	**1,069,347**	1,013,605

Note: The subsidiaries of Sinolink Properties include Shanghai Sinolink Xijiao, 百仕達蘇河灣, 百仕達置地, 百仕達商業, 百仕達酒店管理 and Sinolink Management.

39. LIST OF SUBSIDIARIES (Continued)

Summarised consolidated financial information for the years ended 31 December 2013 and 2012 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Sinolink Properties and its subsidiaries

	2013	2012
	HK$'000	*HK$'000*
Non-current assets	**3,282,362**	2,975,519
Current assets	**3,707,567**	3,476,928
Non-current liabilities	**(587,547)**	(571,337)
Current liabilities	**(1,637,228)**	(1,360,608)
Total equity	**4,765,154**	4,520,502
Equity attributable to the owners of Sinolink Properties	**3,806,704**	3,611,646
Non-controlling interests of Sinolink Properties	**958,450**	908,856
	4,765,154	4,520,502
Revenue	**335,052**	300,780
Fair value adjustment of investment properties	**121,554**	313,913
Other income	**123,526**	59,324
Expenses	**(333,707)**	(354,937)
Profit for the year	**246,425**	319,080
Other comprehensive income (expense) for the year	**124,129**	(392)
Total comprehensive income for the year	**370,554**	318,688
Profit for the year attributable to		
– the owners of Sinolink Properties	**196,770**	249,834
– non-controlling interests of Sinolink Properties (Note)	**49,655**	69,246
Profit for the year	**246,425**	319,080
Other comprehensive income (expense) for the year attributable to		
– the owners of Sinolink Properties	**99,117**	(307)
– non-controlling interests of Sinolink Properties (Note)	**25,012**	(85)
Other comprehensive income for the year	**124,129**	(392)
Total comprehensive income for the year attributable to		
– the owners of Sinolink Properties	**295,887**	249,527
– non-controlling interests of Sinolink Properties (Note)	**74,667**	69,161
Total comprehensive income for the year	**370,554**	318,688

Note: The amount included 87% effective interest of SMWC. SMWC is 65% owned by Sinolink Properties and 35% owned by other group entities, which are wholly-owned by the Group.

39. LIST OF SUBSIDIARIES (Continued)

Sinolink Properties and its subsidiaries (Continued)

	2013	2012
	HK$'000	*HK$'000*
Net cash inflow (outflow) from operating activities	**401,796**	(148,180)
Net cash inflow (outflow) from investing activities	**32,367**	(61,074)
Net cash outflow from financing activities	**(197,977)**	(1,137,294)
Net cash inflow (outflow)	**236,186**	(1,346,548)
Dividend paid to non-controlling interests of Sinolink Properties	**25,073**	24,570

39. LIST OF SUBSIDIARIES (Continued)

Cnhooray Internet

	2013 HK$'000	2012 HK$'000
Non-current assets	**134,864**	27
Current assets	**556,304**	650,774
Current liabilities	**(136,683)**	(127,056)
Total equity	**554,485**	523,745
Equity attributable to the owners of the Company of Cnhooray Internet	**443,588**	418,996
Non-controlling interests of Cnhooray Internet	**110,897**	104,749
	554,485	523,745
Other income	**25,203**	9,133
Expenses	**(11,993)**	(11,388)
Profit (loss) for the year	**13,210**	(2,255)
Other comprehensive income for the year	**17,530**	–
Total comprehensive income (expense) for the year	**30,740**	(2,255)
Profit (loss) for the year attributable to		
– the owners of Cnhooray Internet	**10,568**	(1,804)
– non-controlling interests of Cnhooray Internet	**2,642**	(451)
Profit (loss) for the year	**13,210**	(2,255)
Other comprehensive income for the year attributable to		
– the owners of Cnhooray Internet	**14,024**	–
– non-controlling interests of Cnhooray Internet	**3,506**	–
Other comprehensive income for the year	**17,530**	–
Total comprehensive income (expenses) for the year attributable to		
– the owners of Cnhooray Internet	**24,592**	(1,804)
– non-controlling interests of Cnhooray Internet	**6,148**	(451)
Total comprehensive expenses for the year	**30,740**	(2,255)
Net cash outflow from operating activities	**(10,657)**	(10,835)
Net cash (outflow) inflow from investing activities	**(115,142)**	102,148
Net cash inflow from financing activities	**51,655**	134,930
Net cash (outflow) inflow	**(74,144)**	226,243

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 HK$'000	2012 HK$'000
Assets		
Plant and equipment	**186**	213
Unlisted investments in subsidiaries	**614,507**	614,507
Amounts due from subsidiaries	**4,380,463**	4,409,365
Available-for-sale investments	**12,500**	12,500
Other receivables, deposits and prepayments	**9,593**	6,909
Investments held for trading	**40,338**	28,324
Bank balances and cash	**95,776**	37,082
	5,153,363	5,108,900
Liabilities		
Other payables and accrued charges	**658**	1,405
Amounts due to subsidiaries	**2,041,626**	1,985,891
	2,042,284	1,987,296
Total assets less total liabilities	**3,111,079**	3,121,604
Capital and reserves		
Share capital	**354,111**	354,111
Reserves (Note)	**2,756,968**	2,767,493
Total equity	**3,111,079**	3,121,604

Note:

Reserves

	Share premium HK$'000	Share options reserve HK$'000	Contributed surplus HK$'000	Other reserves HK$'000	Total HK$'000
At 1 January 2012	1,824,979	53,755	572,174	319,215	2,770,123
Loss for the year	–	–	–	(2,630)	(2,630)
Lapse of share options	–	(53,755)	–	53,755	–
At 31 December 2012	1,824,979	–	572,174	370,340	2,767,493
Loss for the year	–	–	–	(10,525)	(10,525)
At 31 December 2013	1,824,979	–	572,174	359,815	2,756,968

PARTICULARS OF MAJOR PROPERTIES

At 31 December 2013

PROPERTIES HELD FOR DEVELOPMENT/SALE

Description	Type of use	Effective GFA (M^2)	% held	Stage of completion	Anticipated completion
1. Land lot no. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2014

PROPERTIES HELD FOR INVESTMENTS

Property	Type of use	GFA (M^2)	Effective % held
1. 518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2. Unit Nos. 101,102 and 103 Ancillary Building West District, Phase 4 Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	20,232	80%
3. 4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%

PARTICULARS OF MAJOR PROPERTIES

At 31 December 2013

	Property	Type of use	GFA (M^2)	Effective % held
4.	1,700 car parks at Residence Club House Mangrove West Coast Land lot no. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road Nanshan District Shenzhen	Car parks	84,834	80%
5.	Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	39,434	80%
6.	1,942 car parks The Vi City, Phase 5 Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7.	Levels 26 to 33 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District Shenzhen	Commercial and car parks	20,075	80%

FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2013

	For the year ended 31 December				
	2009	2010	2011	2012	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	3,999,178	1,280,936	349,166	314,569	**348,840**
Profit before taxation	2,247,604	901,217	611,787	508,271	**81,236**
Taxation	(821,011)	(262,283)	(159,733)	(150,233)	**(104,289)**
Profit (loss) for the year	1,426,593	638,934	452,054	358,038	**(23,053)**
Attributable to:					
Owners of the Company	1,213,800	560,317	375,172	289,243	**(75,350)**
Non-controlling interests	212,793	78,617	76,882	68,795	**52,297**
	1,426,593	638,934	452,054	358,038	**(23,053)**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
Earnings (loss) per share					
Basic	36.25	15.81	10.59	8.17	**(2.13)**
Diluted	36.23	9.67	9.04	8.12	**(2.13)**

	As at 31 December				
	2009	2010	2011	2012	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	10,724,772	10,435,384	10,069,702	10,569,158	**10,853,564**
Total liabilities	(3,889,938)	(2,959,383)	(1,900,504)	(2,066,607)	**(2,230,223)**
	6,834,834	7,476,001	8,169,198	8,502,551	**8,623,341**
Equity attributable to owners of the Company	6,069,281	6,626,096	7,199,733	7,488,946	**7,553,994**
Non-controlling interests	765,553	849,905	969,465	1,013,605	**1,069,347**
	6,834,834	7,476,001	8,169,198	8,502,551	**8,623,341**