2013 Annual Report

Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability) Stock code : 2608


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Sunshine 100 China Holdings Ltd
陽光100中國控股有限公司

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yi Xiaodi
Mr. Fan Xiaochong

Non-executive Directors

Ms. Fan Xiaohua
Mr. Joseph Raymond Gagnon

Independent non-executive Directors

Mr. Chen Jinsong
Mr. Gu Yunchang
Mr. Ng Fook Ai, Victor

AUDIT COMMITTEE

Mr. Ng Fook Ai, Victor *(Chairman)*
Mr. Chen Jinsong
Mr. Gu Yunchang

REMUNERATION COMMITTEE

Mr. Chen Jinsong *(Chairman)*
Mr. Fan Xiaochong
Mr. Gu Yunchang

NOMINATION COMMITTEE

Mr. Yi Xiaodi *(Chairman)*
Mr. Chen Jinsong
Mr. Gu Yunchang

COMPANY SECRETARY

Mr. Ngai Wai Fung

COMPANY'S WEBSITE

www.ss100.com.cn

AUTHORISED REPRESENTATIVES

Mr. Yi Xiaodi
Mr. Ngai Wai Fung

REGISTERED OFFICE

The Registered Office of Intertrust Trustees II (Cayman) Limited
Clifton House, P.O. Box 1350
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George Town, Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE

Tower D, Floor 12
No. 2 Guang Hua Street
Beijing 100026
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Allen & Overy

AUDITOR

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

COMPLIANCE ADVISER

Haitong International Capital Limited

PRINCIPAL BANKERS

Agricultural Bank of China
China Everbright Bank
China Minsheng Banking Corp., Ltd
Industrial Bank Co., Ltd.

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Fl., Royal Bank House
24 Shedden Road, PO Box 1586
Grand Cayman KY1-1110
Cayman Islands

LISTING INFORMATION

Place of Listing:
The Stock Exchange of Hong Kong Limited
Stock code: 2608

Honours and Awards

In March 2013, the Group was recognized as one of the "2013 China Excellent Commercial Real Estate Developers" by China Real Estate Top 10 Research.

China Real Estate Top 10 Research has conducted systematic studies on some excellent Chinese real estate companies with scientific evaluation methods and indicator systems based on their scale, profitability, growth, stability, operational efficiency and social contribution, and has produced its research results as 2013 China Excellent Commercial Real Estate Developers. This is the second consecutive year since 2012 that the Company has obtained this award.

In March 2014, Mr. Fang Xiaochong, Executive Director of the Company and Executive Vice President of the Group, was awarded the "2013 Real Estate Honour — Person with Contribution for the Year" by "China Daily Online".

On 28 November 2013, the Group participated in the "2013 Seventh Management Action Award Ceremony & Management Innovation Forum" organized by the "Business Commentary" in Shanghai, and was awarded the Golden Prize in Comprehensive Management Domain of the Management Action Award.

Note: The Management Action Award of the "Business Commentary" was launched by the "Business Commentary" in 2007 and is recognized as the "Business Oscar".

Chairman's Statement

I am pleased to present the business review and outlook of Sunshine 100 China Holdings Ltd (the "**Company**"; together with its subsidiaries, the "**Group**") for 2013 to all the shareholders of the Company (the "**Shareholders**").

Results

In 2013, contracted sales of the Group increased by 25% to RMB5,354 million and revenue increased by 30% to RMB5,769 million. Net profit attributable to equity shareholders increased by 123% to RMB672 million. Core profit attributable to equity shareholders (i.e. excluding the fair value gains on investment properties (net of deferred tax and minority interests)) increased by 147% to RMB506 million.

2013 Review

At the beginning of 2013, based on our understanding of market conditions in China's real estate industry and our own situation, the Group established an overall strategy of expanding our scale of operations and adjusting our product structure while keeping our debt levels under control. Thanks to the successful implementation of this strategy, the Group realized considerable growth in 2013, with its core profit attributable to shareholders increasing by nearly 1.5 times.

The Group's scale of operations experienced relatively fast growth in 2013, and the Group began to achieve notable economies of scale. The floor area of newly-started construction projects in 2013 was double that of 2012. Rental income from investment properties rose by nearly 90%, with contracted sales, revenue and total assets increasing by over 20%. Our expansion in scale of operations substantially reduced unit fixed costs, and administrative expenses as a percentage of revenue decreased from 6% in 2012 to 5% in 2013, with one-off fees such as listing fees excluded. This trend will directly boost the current and future earnings of the Group.

The product structure of the Group was further optimized in 2013. The proportion of mixed-use business complexes, which enjoy a higher profit margin, increased. In 2013, the floor area of newly-started construction projects for mixed-use business complexes increased by nearly 1.5 times as compared to that in 2012, while the floor area of multi-functional residential communities decreased by 16%. Regarding floor area under construction at the end of 2013, mixed-use business complexes accounted for 34%, representing an increase of 16 percentage points when compared to 18% at the end of 2012. Furthermore, land premium expenditure in 2013 for mixed-use business complexes accounted for nearly two-thirds of total land premium expenditure. In 2013, payments for land premiums totalled RMB1,703 million, of which RMB1,111 million was used for mixed-use business complex projects and RMB592 million was used for multi-functional residential community projects. All these factors will contribute to higher profitability of the Group in the future.

In 2013, the capital structure of the Group was improved and its financial risk was lowered. In line with the expansion in operation scale and increase in land premium expenditure, the Group's interest-bearing liabilities also rose by 35% from RMB10,194 million at the end of 2012 to RMB13,802 million at the end of 2013. However, the financial risk of the Group decreased as a whole, with (1) short-term borrowings as a percentage of total interest-bearing liabilities decreasing significantly from 66% at the end of 2012 to 37% at the end of 2013, and the amount of short-term borrowings also dropping from RMB6,752 million at the end of 2012 to RMB5,050 million at the end of 2013, relieving the burden of borrowings due within one year; (2) debt to equity ratio (debt to equity ratio = net interest-bearing liabilities/total equity) decreasing from 4.2 times at the end of 2012 to 4.0 times at the end of 2013. The overall ability to meet debt obligations when they fall due increased steadily. This indicator remained at a higher level primarily due to the fact that the Group increased its borrowings and maintained a relatively large land bank; (3) the average interest rate of borrowings decreasing from 10.6% in 2012 to 9.1% in 2013; and (4) cash and cash equivalent increasing slightly compared to the same period of last year.

As a corporate citizen, the Group has actively participated in public and social welfare activities throughout the years, with the actual amount of various kinds of donations paid amounting to over RMB10 million in 2013.

2014 Outlook

We believe that China's urbanization progress is far from over, and the total volume of urban properties will continue to increase in the future, with functional upgrading of second- and third-tier cities underway simultaneously. However, the residential property market will face more intensive competition than the commercial property market. Hence, the Group will leverage our large existing land bank and property development capabilities acquired over the past 20-plus years. On the one hand, we will accelerate the development and sales of the existing land bank and shorten development cycles, so as to achieve high turnover and a larger scale of operation; on the other hand, we will vigorously increase investment in, and development of, commercial street complexes, and further optimize our product structure, thus better serving the functional and consumption upgrading needs of second- and third-tier cities so as to enhance our profitability.

The Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 13 March 2014, thus gaining access to the international capital market. In the future, we will fully utilize this platform to continue to optimize our capital structure, substantially reduce our debt levels, decrease financing costs, and strike a good balance between lower financial risk and higher profits in order to create sustainable and stable returns for shareholders.

The Group will also continue to participate proactively in social and public welfare activities and explore new ways to give back to the society. We believe that we can create better returns for shareholders only by better serving the needs of our customers, providing more competitive remuneration packages to employees, achieving win-win cooperation with suppliers, and properly fulfilling our social responsibilities as a corporate citizen.

Lastly, on behalf of the Board of Directors of the Company, I would like to express my heartfelt gratitude for the devotion of all the employees of the Group as well as the strong support of all the shareholders, customers and suppliers in the past year.

Yi Xiaodi
Chairman and Executive Director

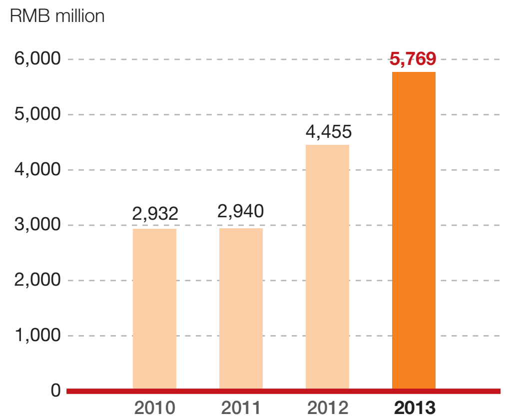
31 March 2014

Financial Summary

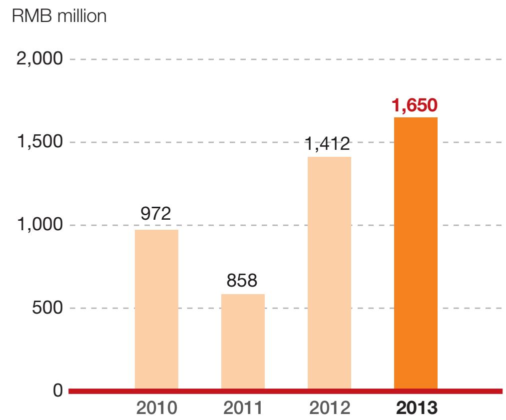
	For the year ended 31 December			
	2010	2011	2012	**2013**
	RMB million	*RMB million*	*RMB million*	***RMB million***
Revenue	2,932	2,940	4,455	**5,769**
Gross profit	972	858	1,412	**1,650**
Profit before taxation	616	329	754	**1,115**
Income tax	(346)	(268)	(370)	**(484)**
Profit for the year	270	61	384	**631**
Profit for the year attributable to equity shareholders of the Company	162	24	301	**672**
Non-controlling interests	108	37	83	**(41)**
	270	61	384	**631**

	As at 31 December			
	2010	2011	2012	**2013**
	RMB million	*RMB million*	*RMB million*	***RMB million***
Total assets	15,861	19,699	22,510	**27,903**
Total liabilities	14,494	18,255	20,670	**25,152**
	1,367	1,444	1,840	**2,751**
Equity attributable to equity shareholders of the Company	979	1,013	1,320	**1,992**
Non-controlling interests	388	431	520	**759**
	1,367	1,444	1,840	**2,751**

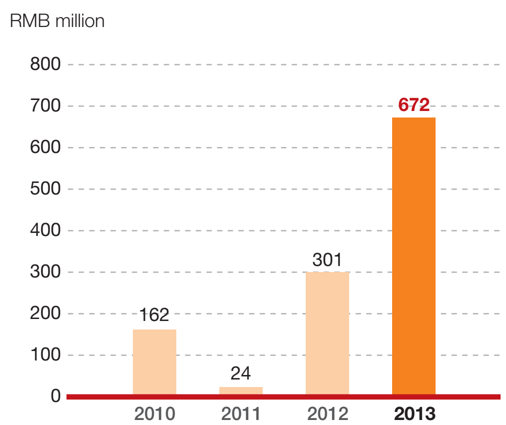
Revenue



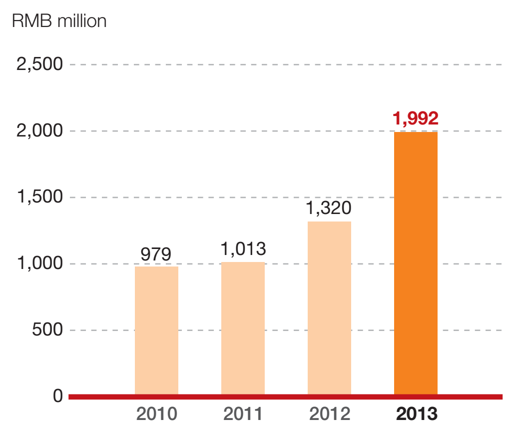
Gross profit



Profit for the year attributable to equity shareholders of the Company



Equity attributable to equity shareholders of the Company



Management Discussion and Analysis

Market Overview

China's domestic economy achieved annual growth of 7.7% in 2013 despite stalling growth momentum. Following the stabilization of the macro-control of real estate market, the Chinese government continued to apply proactive fiscal policies and a stable monetary policy, which resulted in a slight tightening on real estate financing. The real estate market continued to recover, and both the saleable area and newly-started area of commercial housing in China recorded growth rates of more than 12%, which was faster than those in the corresponding period of last year. The average housing price in 70 large and mid-size cities across the country increased by 8.32%. Inventories in both the first-tier and the majority of the second-tier cities were continuously drawn down. However, oversupply was seen in some third-tier cities. Meanwhile, both prices and volume in the national land market recorded increases, especially in first-tier cities and leading second-tier cities, where greater increases in land prices were recorded. The combination of these factors resulted in increased competition among real estate enterprises, and industry concentration was heightened accordingly. Branded developers have generally performed better under these conditions.

Amid the competitive market environment in 2013, the Group consolidated its own brand advantages and introduced strong initiatives. It achieved a leap in results and recorded growth that was significantly above the industry average. In particular, amount and volume of contracted sales both registered growth of more than 25%, and newly-started area increased by 101%, while revenue recorded growth of 30%. Better still, profit attributable to the shareholders achieved growth of over 100%.

Business Review

(1) Property Development

Contracted Sales

During the reporting period, the Group achieved contracted sales of RMB5,354 million, representing an increase of 25% compared to 2012. The Group achieved contracted sales area of 697,376 square metres, representing an increase of 32% compared to 2012. The Group achieved average contracted unit selling price of RMB7,677 per square metre, representing a decrease of 6% compared to 2012. This was mainly attributable to the structure of sales products in 2013, but the contracted price for the same type of properties under the same project of the Group in 2013 showed an upward trend in general compared to 2012.

Contracted sales of the Group during the reporting period were as follows:

Project	Contracted sales area (sq. m.) 2012	2013	Contracted sales (RMB million) 2012	2013
Mixed-use business complexes				
Weifang Sunshine 100 City Plaza	43,698	8,178	332	65
Chongqing Sunshine 100 International New Town	800	256	8	12
Jinan Sunshine 100 International New Town	—	80,888	—	734
Liuzhou Sunshine 100 City Plaza	13,449	266	167	22
Subtotal	**57,947**	**89,588**	**507**	**833**
Multi-functional residential communities				
Dongying Sunshine 100 City Garden	15,901	39,020	125	239
Shenyang Sunshine 100 International New Town	119,494	139,085	918	1,141
Shenyang Sunshine 100 Golf Mansion	8,191	23,358	64	141
Changsha Sunshine 100 International New Town	81,515	59,804	646	526
Wuhan Sunshine 100 Lakeside Residence	83,660	81,058	613	672
Wuxi Sunshine 100 International New Town	79,834	131,825	631	951
Chengdu Sunshine 100 Mia Centre	82,439	27,545	795	313
Qingyuan Mango Town	—	105,613	—	534
Guilin Lijiang Project	—	480	—	4
Subtotal	**471,034**	**607,788**	**3,792**	**4,521**
Total	**528,981**	**697,376**	**4,299**	**5,354**

Property Construction

Owing to the introduction of the high turnover strategy, during the reporting period, the Group's new gross floor area reached 1,201,901 square metres, representing an increase of 101% compared to 2012. The completed gross floor area reached 942,552 square metres, representing an increase of 23% compared to 2012.

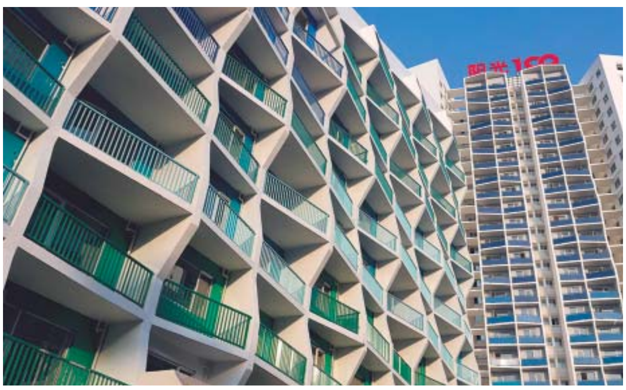
The Group's newly commenced construction during the reporting period was as follows:

Project	2012 (sq. m.)	2013 (sq. m.)
Mixed-use business complexes		
Shenyang Sunshine 100 International New Town (Phase III)	—	250,048
Jinan Sunshine 100 International New Town (Phase V)	163,952	24,164
Chongqing Sunshine 100 International New Town (Phase II)	—	131,304
Subtotal	**163,952**	**405,516**
Multi-functional residential communities		
Shenyang Sunshine 100 International New Town (Phase II)	74,893	38,199
Shenyang Sunshine 100 Golf Mansion (Phase II)	—	5,650
Dongying Sunshine 100 City Garden (Phase III)	—	76,389
Wuhan Sunshine 100 Lakeside Residence (Phase IV)	—	102,255
Wuxi Sunshine 100 International New Town (Phase IV)	357,499	—
Chengdu Sunshine 100 Mia Centre (Phase II)	—	143,978
Qingyuan Mango Town (Phase I)	—	108,555
Qingyuan Mango Town (Phase II)	—	301,922
Guilin Lijiang Project	529	19,437
Subtotal	**432,921**	**796,385**
Total	**596,873**	**1,201,901**

Breakdown of Major Properties

Project	Location	Expected completion date of properties under development[1]	Completion progress of properties under development[1], [2]	Saleable GFA remaining unsold (sq. m.)	GFA under development (sq. m.)	Planned GFA	Our attributable interest
Mixed-use business complexes							
Nanning Sunshine 100 City Plaza	No.63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region	–	–	16,919	–	92,230	100%
Phase I		–	–	16,919	–	–	100%
Phase II		–	–	–	–	92,230	100%
Nanning Sunshine 100 Upper East Side International	No.166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region	–	–	54,319	–	–	26%
Vantone Air Garden	No.80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region	–	–	2,751	–	–	100%
Yantai Sunshine 100 City Plaza	No.25-27 Haigang Road, Zhifu District, Yantai City, Shandong Province	–	–	33,479	–	361,347	100%
Phase I		–	–	33,479	–	–	100%
Phase II		–	–	–	–	361,347	100%

Project	Location	Expected completion date of properties under development[1]	Completion progress of properties under development[1], [2]	Saleable GFA remaining unsold (sq. m.)	GFA under development (sq. m.)	Planned GFA	Our attributable interest
Yangshuo Sunshine 100 West Street Square	Sunshine 100 Jiujie Lou, Diecui Road, Yangshuo County, Guilin City, Guangxi Zhuang Autonomous Region	–	–	–	–	–	75%
Liuzhou Sunshine 100 City Plaza	No.2 South Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region	–	–	91,731	–	–	75%
Phase I		–	–	17,058	–	–	75%
Phase II		–	–	44,665	–	–	75%
Phase III		–	–	11,794	–	–	75%
Phase IV		–	–	18,214	–	–	75%
Weifang Sunshine 100 City Plaza	No.5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province	–	–	31,978	79,563	1,419,414	100%
Phase I		2014	79%	31,978	79,563	–	100%
Phase II		–	–	–	–	397,443	100%
Phase III		–	–	–	–	478,382	100%
Phase IV		–	–	–	–	360,155	100%
Phase V		–	–	–	–	183,434	100%
Chongqing Sunshine 100 International New Town	Nanbin Road, Nan'an District, Chongqing City	–	–	35,445	153,188	886,408	100%
Phase I		2014	77%	35,445	21,888	–	100%



Project	Location	Expected completion date of properties under development[(1)]	Completion progress of properties under development[(1), (2)]	Saleable GFA remaining unsold (sq. m.)	GFA under development (sq. m.)	Planned GFA	Our attributable interest
Phase II		2015	17%	–	131,300	886,408	100%
Shenyang Sunshine 100 International New Town (Phase III)	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province	2015	10%	–	243,269	1,067,424	100%
Jinan Sunshine 100 International New Town[(3)]	No.19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province	–	–	180,566	188,116	581,526	49%
Phase I		–	–	17,624	–	–	49%
Phase II		–	–	35,821	–	–	49%
Phase III		–	–	81,181	–	–	49%
Phase IV		–	–	45,941	–	–	49%
Phase V		2014	57%	–	188,116	444,526	49%
Phase VI		–	–	–	–	137,000	49%
Subtotal				**447,188**	**664,136**	**4,408,349**	
Multi-functional residential communities							
Tianjin Sunshine 100 International New Town	Hongqi South Road, Nankai District, Tianjin City	–	–	203,095	–	–	86%
Nanning Sunshine 100 Mountainside Garden	No.1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region	–	–	10,603	–	–	51%
Nanning Sunshine 100 Australian Garden	No.8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region	–	–	800	–	–	50%
Nanning Sunshine 100 European Garden	No.63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region	–	–	–	–	–	100%
Liuzhou Sunshine 100 Classical Era	No.11 Haiguan Road, Liuzhou City, Guangxi Zhuang Autonomous Region	–	–	1,434	–	–	100%
Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province	–	–	127,963	129,319	–	100%
Phase I		–	–	55,398	–	–	100%
Phase II		2014	75%	72,565	129,319	–	100%

Project	Location	Expected completion date of properties under development[1]	Completion progress of properties under development[1], [2]	Saleable GFA remaining unsold (sq. m.)	GFA under development (sq. m.)	Planned GFA	Our attributable interest
Shenyang Sunshine 100 Golf Mansion[3]	No.18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province	–	–	32,889	57,759	137,301	51%
Phase I		2014	74%	32,889	52,109	–	51%
Phase II, III		2014	20%	–	5,650	137,301	51%
Chengdu Sunshine 100 Mia Centre	No.6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province	–	–	44,521	143,978	–	100%
Phase I		–	–	44,521	–	–	100%
Phase II		2015	15%	–	143,978	–	100%
Wuxi Sunshine 100 International New Town	No.1 Tianyi New Street, Xizhang, Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province	–	–	197,733	389,136	1,144,680	100%
Phase I		–	–	108,334	–	–	100%
Phase II		–	–	33,504	–	–	100%
Phase III		2014	84%	14,964	31,637	–	100%
Phase IV		2014	57%	40,931	357,499	70,565	100%
Phase V		–	–	–	–	66,968	100%
Phase VI		–	–	–	–	1,007,147	100%
Changsha Sunshine 100 International New Town	No.518 Section One, 2nd South Ring Road, Yuelu District, Changsha City, Hunan Province	–	–	128,835	112,869	370,111	100%
Phase I		–	–	42,735	–	–	100%
Phase II		–	–	49,498	–	–	100%
Phase III		2014	78%	36,602	112,869	–	100%
Phase IV		–	–	–	–	370,111	100%
Wuhan Sunshine 100 Lakeside Residence	No.2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province	–	–	14,927	198,847	437,023	100%

Project	Location	Expected completion date of properties under development[(1)]	Completion progress of properties under development[(1), (2)]	Saleable GFA remaining unsold (sq. m.)	GFA under development (sq. m.)	Planned GFA	Our attributable interest
Phase I		–	–	4,071	–	–	100%
Phase II		2014	73%	–	101,490	–	100%
Phase III		–	–	10,856	–	–	100%
Phase IV		2015	26%	–	97,357	–	100%
Phase V		–	–	–	–	437,023	100%
Dongying Sunshine 100 City Garden	No.248 North 1st Road, Dongying District, Dongying City, Shandong Province	–	–	44,278	97,936	147,116	100%
Phase I		–	–	2,905	–	–	100%
Phase II		2014	81%	41,373	21,548	–	100%
Phase III		2015	40%	–	76,389	147,116	100%
Qingyuan Mango Town	District No.N24, Pikeng Liantai Industrial Zone, Longtang Town, Qingcheng District, Qingyuan City, Guangdong Province	–	–	–	410,477	2,961,420	55%
Phase I		2015	35%	–	108,555	–	55%
Phase II		2016	7%	–	301,922	1,002,379	55%
Phase III		–	–	–	–	1,959,041	55%
Guilin Lijiang Project	Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region	2014	8%	–	19,966	58,236	75%
Chengdu Xin Sheng Yuan Project	Keyuan South 2nd Road, Gaoxin District, Chengdu City, Sichuan Province	–	–	–	–	20,000	100%
Subtotal				**807,078**	**1,560,287**	**5,275,887**	
Total				**1,254,266**	**2,224,423**	**9,684,236**	

Notes:

(1) Expected completion date and completion progress are applicable to projects under development, but not applicable to completed projects or projects to be built.

(2) Completion progress reflects the overall completion progress as of the date of this annual report.

(3) The aggregate area of the self-operated hotels of Jinan Sunshine 100 International New Town and Shenyang Sunshine 100 Golf Mansion amounting to 66,701 sq. m. is not included in this table.

(2) Investment Properties

During the reporting period, the new investment properties of the Group reached 43,752 square metres. For the year ended 31 December 2013, the Group had a total of 274,629 square metres of investment properties. During the reporting period, the rental income reached RMB77 million, representing an increase of 89% compared to 2012.

Economic area	City	Gross floor area (sq. m.)	Rental income (RMB'000)	% of total
Midwest region	Chongqing	19,724	818	1%
	Nanning	35,867	10,896	14%
	Liuzhou	48,882	6,558	9%
	Guilin	12,421	358	0%
	Chengdu	8,070	72	0%
	Wuhan	4,898	—	0%
	Subtotal	**129,862**	**18,702**	**24%**
Bohai Rim	Yantai	46,534	18,924	25%
	Tianjin	17,543	6,818	9%
	Shenyang	54,460	5,195	7%
	Dongying	2,225	338	0%
	Jinan	24,005	27,130	35%
	Subtotal	**144,767**	**58,405**	**76%**
Total		**274,629**	**77,107**	**100%**

Breakdown of Investment Properties

Economic area	City	Properties	Location	Use	Leasing period
Midwest region	Chongqing	A1 podium building, commercial (5 floors)	No.1 Yangguang Road, Tushan Town, Nan'an District, Chongqing City	Commercial	Medium term
		Tower A2 commercial		Commercial	Medium term
		Nanbin Cluster		Commercial	Medium and short term
	Nanning	Clubhouse	No.63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region	Commercial, kindergarten	Medium and short term
		Commercial		Commercial	Short, medium and long term
		Commercial	No.80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Medium and long term
		Clubhouse, club	No.8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Medium and long term
		Clubhouse	No.1 Yinghua road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Long term
	Liuzhou	Kindergarten (Upper 2nd floor)	No.11 Haiguan Road, Liuzhou City, Guangxi Zhuang Autonomous Region	Kindergarten	Long term
		Lower 1st floor 67 retail shops		Commercial	Long term
		Warehouse		Commercial	Long term
		Lower 1st floor 38 retail shops		Commercial	Long term
		Tower 33 1st floor	No.2 Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region	Commercial	Long term
		25# Commercial		Commercial	Long term
		26# Commercial		Commercial	Long term
		27# Commercial		Commercial	Long term
	Guilin	Hotel	Sunshine 100 Jiujie Lou, Diecui Road, Yangshuo County, Guilin City, Guangxi Zhuang Autonomous Region	Hotel	Medium term
	Chengdu	8# floor	No.6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province	Commercial	Medium term
	Wuhan	Phase IV F underground commercial	No.2 Yangqiaohu Avenue, Canglong Island Development Zone, Jiangxia District, Wuhan City, Hubei Province	Under development	Under development
		Phase IV F53# floor		Under development	Under development
Bohai Rim	Yantai	Office (15F)	No.26 Haigang Road, Zhifu District, Yantai City, Shandong Province	Office	Medium term
		Office (6F)		Office	Medium term
		Commercial		Commercial	Short, medium and long term

Economic area	City	Properties	Location	Use	Leasing period
	Tianjin	Commercial (West 5)	Hongqi South Road, Nankai District, Tianjin City	Commercial	Medium and long term
		North Park, large commercial		Commercial	Medium and short term
		North Park, 8-10 underground commercial		Commercial	Currently unleased
	Shenyang	D3 Commercial	Yuhong New Town, Yuhong District, Shenyang City	Commercial	Medium and long term
		D4 Commercial		Commercial, office	Medium term
		E13 Underground commercial		Commercial	Long term
		D5 Commercial		Commercial	Medium term
		D6 Commercial		Commercial	Medium term
		D7 Commercial		Commercial	Medium term
		Kindergarten (D13)		Kindergarten	Long term
		E11 Commercial		Commercial	Currently unleased
		E12 Commercial		Commercial	Currently unleased
		E13 Commercial		Commercial	Medium term
		Mango Town, South west corner, 4 floors		Commercial	Medium and long term
		Mango Town, South west corner, 3 floors of retail shops and 4 floors of badminton complex		Commercial	Medium and long term
	Dongying	Kindergarten	No.248 North 1st Road, East City, Dongying City, Shandong Province	Kindergarten	Long term
	Jinan	Shopping mall	No.19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province	Commercial	Short, medium and long term

(3) Land Acquisition

During the reporting period, the Group paid an aggregate amount of RMB1,703 million on various types of land payments, of which RMB1,111 million was used for the mixed-use business complex projects (including the acquisition of a 49% stake in Jinan Project at the consideration of RMB300 million) and RMB592 million was used for the multi-functional residential community projects. The land payments paid by the Group for the current period accounted for 36% of the sales proceeds for the current period, far beyond the percentage of the Group's average land costs to average selling price.

Economic area	City	Total GFA (sq. m.)	% of total	Attributable GFA (sq. m.)	% of total
Bohai Rim	Dongying	291,554	2%	291,554	3%
	Jinan	1,020,411	8%	500,001	4%
	Shenyang	1,870,891	14%	1,749,149	16%
	Tianjin	220,639	2%	189,749	1%
	Weifang	1,530,955	11%	1,530,955	14%
	Yantai	441,359	3%	441,359	4%
	Subtotal	**5,375,809**	**40%**	**4,702,767**	**42%**
Yangtze River Delta	Wuxi	1,731,549	13%	1,731,549	15%
	Subtotal	**1,731,549**	**13%**	**1,731,549**	**15%**

Economic area	City	Total GFA (sq. m.)	% of total	Attributable GFA (sq. m.)	% of total
Midwest region	Chengdu	216,566	2%	216,566	2%
	Guilin	90,622	1%	67,967	1%
	Liuzhou	142,047	1%	107,174	1%
	Nanning	213,490	1%	165,027	1%
	Wuhan	655,695	5%	655,695	6%
	Changsha	611,815	4%	611,815	5%
	Chongqing	1,094,765	8%	1,094,765	10%
	Subtotal	**3,025,000**	**22%**	**2,919,009**	**26%**
Pearl River Delta	Qingyuan	3,371,897	25%	1,854,544	17%
	Subtotal	**3,371,897**	**25%**	**1,854,544**	**17%**
Total		**13,504,255**	**100%**	**11,207,869**	**100%**

FINANCIAL REVIEW

Revenue

Our revenue increased by 29.5% to RMB5,769.4 million in 2013 from RMB4,454.6 million in 2012 mainly due to increases in our sale of properties, rental income from investment properties, as well as property management and hotel operation income.

Sale of Properties

Sale of properties increased by 29.3% to RMB5,526.3 million in 2013 from RMB4,273.4 million in 2012, primarily due to an increase in the total gross floor area we delivered, partially offset by the decrease in the average selling price. Specifically, revenue generated from sales of mixed-use business complexes decreased by 7.2% to RMB867.2 million in 2013 from RMB934.5 million in 2012, primarily due to an RMB1,498.6 per square metre decrease, or 14.7%, in the average selling price (excluding car parks), to RMB8,718.6 per square metre in 2013 from RMB10,217.2 per square metre in 2012, and a 3.8% increase in gross floor area delivered (excluding car parks), to 94,239 square metres in 2013 from 90,759 square metres in 2012. Revenue generated from sales of multi-functional residential communities increased by 39.5% to RMB4,659.0 million in 2013 from RMB3,338.9

million in 2012, primarily due to the increase in gross floor area delivered (excluding car parks), to 586,262 square metres in 2013 from 407,288 square metres in 2012.

Project name	Area of properties delivered (sq. m.) (excluding car parks) 2012	2013	Revenue from properties delivered (RMB million) (including car parks) 2012	2013
Mixed-use business complexes				
Weifang Sunshine 100 City Plaza	—	80,372	—	672
Chongqing Sunshine 100 International New Town	3,739	1,294	34	31
Jinan Sunshine 100 International New Town	—	3,279	—	45
Liuzhou Sunshine 100 City Plaza	86,386	9,190	889	118
Yantai Sunshine 100 City Plaza	634	104	11	1
Subtotal	**90,759**	**94,239**	**934**	**867**
Multi-functional residential communities				
Dongying Sunshine 100 City Garden	7,828	44,979	34	242
Shenyang Sunshine 100 International New Town	95,551	151,658	819	1,282
Shenyang Sunshine 100 Golf Mansion	—	7,475	—	57
Changsha Sunshine 100 International New Town	67,415	113,878	505	897
Wuhan Sunshine 100 Lakeside Residence	86,449	82,562	624	567
Wuxi Sunshine 100 International New Town	117,065	76,933	849	581
Chengdu Sunshine 100 Mia Centre	—	108,209	—	1,019
Tianjin Sunshine 100 International New Town	31,941	568	492	11
Nanning Sunshine 100 Mountainside Garden and Nanning Sunshine 100 Australian Garden	1,039	—	16	3
Subtotal	**407,288**	**586,262**	**3,339**	**4,659**
Total	**498,047**	**680,501**	**4,273**	**5,526**

Property Management and Hotel Operation Income

Revenue generated from property management and hotel operation income increased by 18.2% to RMB166.0 million in 2013 from RMB140.4 million in 2012, primarily due to the increases in gross floor area under our management and our hotel occupancy rate.

Rental Income from Investment Properties

Revenue generated from rental income from investment properties increased by 89.0% to RMB77.1 million in 2013 from RMB40.8 million in 2012, primarily due to the increases in rentable gross floor area and rent.

Cost of Sales

Our cost of sales increased by 35.4% to RMB4,119.3 million in 2013 from RMB3,042.2 million in 2012. Cost of property sales increased by 37.4% to RMB3,956.5 million in 2013 from RMB2,880.0 million in 2012 primarily due to the increase in the capitalization of interests and increased deliveries of well-furnished properties. Cost of property management and hotel operation amounted to RMB162.8 million in 2013, which remained stable as compared to 2012.

Gross Profit

As a result of the foregoing, our gross profit increased by 16.8% to RMB1,650.1 million in 2013 from RMB1,412.4 million in 2012. Our gross profit margin decreased to 28.6% in 2013 from 31.7% in 2012 primarily because of a decrease in the proportion of projects with higher gross profit margins in 2013.

Valuation Gains on Investment Properties

Valuation gains on investment properties increased by 74.8% to RMB243.5 million in 2013 from RMB139.3 million in 2012, mainly as a result of the completion of construction of some of the commercial properties of Liaoning Sunshine 100 and Liuzhou Sunshine 100 City Plaza and new additional investment properties due to the transfer of certain properties under development and completed properties held for sale located at Chengdu and Wuhan to investment properties in 2013.

Selling Expenses

Selling expenses increased by 51.8% to RMB283.9 million in 2013 from RMB187.0 million in 2012, primarily due to increased sales commissions in line with increased contracted sales and increased number of sales staff in 2013.

Administrative Expenses

Administrative expenses increased by 25.4% to RMB333.6 million in 2013 from RMB266.1 million in 2012, primarily due to an increase in employee salary in 2013 and the acquisition of 49% interest in Jinan Sunshine 100 Real Estate Development Co., Ltd. ("**Jinan Sunshine 100**") in 2013. Furthermore, one-time expenses such as listing expenses also resulted in the increase in administrative expenses.

Financial Expenses

Financial expenses decreased by 32.2% to RMB232.9 million in 2013 from RMB343.4 million in 2012, primarily due to a decrease of RMB155.2 million in the net change in fair value of the loans from Riverside Investment Ltd.

Income Tax

Income tax expense increased by 30.9% to RMB484.2 million in 2013 from RMB369.9 million in 2012 due to an increase in profit before taxation. The income tax expense consisted of two types of taxes in practice, namely the land value-added tax and the enterprise income tax. For the enterprise income tax, the effective tax rate in 2013 was 37.2%. The effective tax rate was higher than the statutory enterprise income tax rate of 25%, primarily because certain expenses, such as the change in fair value of loans from Riverside Investment Ltd., were non-deductible and there were losses that could not be offset before taxation and non-deductible expenses for some enterprises. The Group is subject to land value added tax rates ranging from 30% to 60% of the land appreciation amount, or the individual rate agreed between the local tax authority and the Group by reference to sales revenue.

Profit for the Year

Profit for the year increased by 64.2% to RMB630.8 million in 2013 from RMB384.3 million in 2012.

Profit Attributable to Equity Shareholders of the Company

As a result of the foregoing, profit attributable to equity shareholders of the Company increased by 123.3% to RMB672.1 million in 2013 from RMB300.9 million in 2012.

Working Capital, Finance & Capital Resources

Cash and Cash Equivalents

As at 31 December 2013, the Group had approximately RMB1,216.5 million in cash and cash equivalents, which increased by RMB108.2 million compared to that of 2012. The increase was primarily due to the increase of sales of properties and loans and borrowings.

Current Ratio and Gearing Ratio

As at 31 December 2013, the current ratio of the Group increased from 114.7% in 2012 to 153.2%. The Group had current assets of RMB21,714.4 million and current liabilities of RMB14,170.6 million as at 31 December 2013. The increase in current ratio was primarily due to the Group's higher increase rate in current assets such as properties under construction as compared to the increase rate in current liabilities for the year of 2013.

As at 31 December 2013, the gearing ratio of the Group (gearing ratio = total loans and borrowings/total assets x 100%) increased from 45.3% in 2012 to 49.5%. The increase in gearing ratio was due to the increases in loans and borrowings in 2013.

Loans and Borrowings and Pledged Assets

As at 31 December 2013, the Group had total loans and borrowings of RMB13,802.0 million, of which RMB5,050.3 million, RMB6,660.7 million, RMB1,961.5 million and RMB129.5 million were payable within one year or on demand, after 1 year but within 2 years, after 2 years but within 5 years and after 5 years, respectively.

As at 31 December 2013, the Group had pledged properties and restricted deposits with a carrying value of RMB8,206.8 million (2012: RMB6,903.5 million) to secure banking facilities granted to the Group.

Capital Commitment

As at 31 December 2013, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB2,152.8 million (2012: approximately RMB1,915.3 million). Approved but not contracted for capital commitment of the Group was approximately RMB4,232.5 million as at 31 December 2013 (2012: approximately RMB4,251.5 million).

Foreign Exchange Exposure

The renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving renminbi must take place through the People's Bank of China (the "**PBOC**") or other statutory institutions. The exchange rates adopted for foreign exchange transactions are those published by the PBOC and may be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currencies (depending on the foreign currency in which the Group's earnings are denominated) or must be conducted through the PBOC with government approval.

Nearly all of the Group's income and expenses are denominated in renminbi, while certain bank deposits and loans are denominated in the HK dollar and US dollar. However, the operating cash flows and working capital of the Group have not been materially impacted by fluctuations in exchange rates. The Group currently does not hedge its foreign exchange exposures but may adopt hedging measures in the future.

Contingent Liabilities

As of 31 December 2013, the Group had entered into agreements with certain banks to provide guarantees for the mortgage loans of its property buyers. As of 31 December 2013, the amount of mortgage loans guaranteed by the Group to the banks for such agreements was approximately RMB4,349 million (2012: approximately RMB3,042 million).

Substantial Acquisition and Disposal

During the year ended 31 December 2013, the Group invested RMB300,000,000 to acquire 49% equity interest in Jinan Sunshine 100, a company mainly engaged in the development of Jinan Sunshine 100 International New Town project, from Yangpu Guangsheng Guoyuan Investment Co., Ltd. and Guangxi New Vantone Real Estate Investment Co., Ltd., two associates controlled by eight individuals. On 31 August 2013, Yan Kuang Donghua Group Limited ("**Yan Kuang Donghua**"), an entity which holds the remaining 51% equity interest of Jinan Sunshine 100, issued an irrevocable notice to the Group to state that Yan Kuang Donghua would vote in line with decisions made by the Group in the meetings of shareholders and the board of directors of Jinan Sunshine 100, and give the Group the power to direct the relevant activities of Jinan Sunshine 100 from 1 September 2013. As a result, the Group obtained control of Jinan Sunshine 100, and in accordance with IFRS 10 "*Consolidated Financial Statements*," was required to consolidate the results of Jinan Sunshine 100 commencing from 1 September 2013.

Future Plans for Substantial Investments or Capital Assets

Approximately 60% of the net proceeds from the Listing (as defined below) will be used to acquire new projects or land for development in the PRC, with the primary focus on mixed-use business complexes and multi-functional residential communities. As of the date of this annual report, the Group entered into detailed negotiations for the acquisitions of four property development projects.

Employees and Remuneration Policy

As of 31 December 2013, the Group employed a total of 3,434 employees (2012: 3,092 employees), of which 1,212, 1,960 and 262 employees were employed under the property development, property management and other divisions, respectively. The staff costs of the Group were RMB331.3 million for the year ended 31 December 2013 (2012: RMB257.0 million). The Group has adopted a performance-based reward system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various staff training programmes to improve their skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. We have established a regular assessment mechanism to assess the performance of our employees. The assessment results are the basis for determining salary increments, bonuses and promotions. As required by regulations in China, we make contributions to mandatory social security funds such as pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and the housing provident fund for the benefit of our employees in China. For the year ended 31 December 2013, we made contributions totalling approximately RMB25.8 million to the employee retirement scheme.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Yi Xiaodi (易小迪), aged 50, is the chairman of the Board, the pioneer founder, an executive Director, the chief executive officer and the chairman of the Company's nomination committee, and is in charge of the corporate strategy and the daily operations of the Group. Mr. Yi was appointed as an executive Director by the Company on September 20, 2007. Mr. Yi has extensive experience in the real estate development industry in China. In 1992, Mr. Yi established Guangxi Vantone Enterprise Development Company in Guangxi, which established Guangxi Vantone Real Estate Co., Ltd. (廣西萬通房地產有限公司) ("**Guangxi Vantone**") in 1994. He established the "Sunshine 100" brand in 2000 through the development of the Sunshine 100 International Apartment project (陽光100國際公寓) in Beijing. He received an award for being a leader in real estate innovation in Beijing (北京地產創新領袖人物) from sina.com (新浪網) in 2003, an award for being one of China's influential persons during China's 10 years of transformation (改變中國十年影響力人物) by the Asian Living Environment Association (亞洲人居環境協會) and the Economic Observer (經濟觀察報) in 2004, an award for his outstanding contributions to creating a living environment in China (中國人居環境傑出貢獻人物榮譽稱號) by the China Real Estate and Residential Housing Research Association (中國房地產及住宅研究會) and the Chinese Environmental Protection Fund (中華環境保護基金會) in 2005, an award for outstanding contribution to the creation of value in cities in China (創造城市價值中國地產年度卓越貢獻人物) by the Chinese Living Environment Committee (中國人居環境委員會) in 2006, an award named him a Person of Outstanding Contribution of 2006 China Chuangyi Real Estate Annual Meeting (2006年中國創意地產年會卓越貢獻人物) in 2007 by Lanchou Real Estate Commentary (《藍籌地產評論》), sina.com (新浪網), College of Real Estate of Beijing Normal University (北師大不動產學院) and Chinese Living Environment Committee (中國人居環境委員會), an award for special contribution for 2009 China urban commercial value (2009中國城市商業價值特殊貢獻人物) by China Federation of Urban Commercial Outlets Construction Administration (中國城市商業網點建設管理聯合會) and the International Real Estate Federation (國際不動產行業聯盟), an award named him an Influential Person of 2009 Lanchou Real Estate (2009年度藍籌地產影響力人物) by Lanchou Real Estate Media (藍籌地產傳媒) and Sina Leju (新浪樂居), an award for being one of the most respected entrepreneur of China in 2012 (2012年中國最受尊敬企業家) by Hurun Report (胡潤百富) and an award for being one of the top 10 annual persons in 2009 China brand real estate (2009品牌中國房地產十大年度人物) by China Brand Union Association (品牌中國產業聯盟) and China Real Estate Chamber of Commerce (全國工商聯房地產商會). Mr. Yi was appointed the lecturer for the outstanding alumni's series report course (《優秀校友系列報告》) from September 2006 to July 2011 by the Alumni Association of (北京師範大學校友會) Beijing Normal University. He was the vice executive chairman for the second session of the Guangxi Chamber of Commerce in Beijing (北京廣西企業商會) and a member of the Entrepreneurial Forum of Sohu (搜狐企業家論壇). He obtained a bachelor of science degree in geography from Beijing Normal University (北京師範大學) in July 1986 and a master's degree in economics from Renmin University of China (中國人民大學) in October 1989.

Mr. Fan Xiaochong (范小冲), aged 49, is an executive Director appointed by the Company on September 20, 2007. Mr. Fan is the executive vice-president and is involved in formulating the corporate strategies of the Group, assists Mr. Yi Xiaodi in the Group's daily operations and supervises the land acquisition, human resources and administration departments of the Company. Since the establishment of Guangxi Vantone in 1994, Mr. Fan was engaged in the business and corporate strategy development of the Group. He was the deputy general manager of Guangxi Vantone from 1992 to 2003, the deputy general manager of Beijing Yinxin Guanghua Real Estate Development Co., Ltd. from 1999 to 2003, and has been the executive vice-president of Sunshine 100 Real Estate Group Co., Ltd. (陽光壹佰置業集團有限公司) ("Sunshine 100 Group") since 2003. He received an award named Person of Outstanding Contribution of 2006 China Chuangyi Real Estate Annual Meeting (2006年中國創意地產年會卓越貢獻人物) in 2007 by Lanchou Real Estate Commentary (《藍籌地產評論》), sina.com (新浪網), College of Real Estate of Beijing Normal University (北師大不動產學院) and Chinese Living Environment Committee (中國人居環境委員會) and an award for outstanding contribution for China real estate (中國地產傑出貢獻人物獎) in 2010 by the Chinese Association of Urban Development and Public Relationship (中國城市發展暨公共關係協會). Mr. Fan obtained a bachelor of science degree in geography and a master of science degree in regional geography from Beijing Normal University (北京師範大學) in July 1986 and July 1989, respectively.

Non-executive Director

Ms. Fan Xiaohua (范曉華), aged 71, is a non-executive Director appointed by the Company on September 20, 2007. Ms. Fan joined the Group as a member of the senior management of Guangxi Vantone in 1994. She has been the director of the Group since August 2005 and was involved in the decision-making process and supervised internal auditing controls of the Company. Ms. Fan served as the division head of technology, the deputy factory director and the factory director of Guangxi Nanning Chinese Medicine Pharmaceutical Factory (廣西南寧中藥廠) from 1979 to 1990, the chief deputy general manager of Nanning Pharmaceutical Group (南寧製藥企業集團) from 1991 to 1993 and has been the chairman and general manager of Guangxi Vantone Pharmaceutical Co., Ltd. (廣西萬通製藥有限公司) since 1993. Ms. Fan enjoys the life-long special allowance (終身享受國務院特殊津貼) which is an award granted by the State Council for experts and scholars who have outstanding contribution since 1993. She was honored as one of "Second Batch of Top Professional Talents in Nanning" (南寧市第二批專業技術拔尖人才) between 1991 and 1993. She obtained a bachelor's degree in medicine from Nanjing Pharmacy College (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學) in August 1967.

Mr. Joseph Raymond Gagnon, aged 36, is a non-executive Director appointed by the Company on June 2011. Mr. Gagnon has been an employee of Warburg Pincus Asia LLC, an affiliated company of the Company's shareholder Riverside 100 Holdings A LLC, since September 2005 and currently serves as a managing director and the co-head of its real estate investment business in North Asia. He has been a director of Vingroup Joint Stock Company, a company listed on the Ho Chi Minh Stock Exchange, since June 2013. Mr. Gagnon previously worked for GE Capital from July 2000 to August 2005, where he last served as a business development manager with GE Capital Real Estate in Tokyo. Mr. Gagnon obtained a bachelors degree of science in mathematical economics from Wake Forest University in 2000.

On March 20, 2012, Mr. Gagnon was appointed as a director of Titan Group Investment Limited (TGIL), a company incorporated in the British Virgin Islands. TGIL was financially distressed at the time that Mr. Gagnon was appointed director. Mr. Gagnon's role included seeking a means of reorganizing the TGIL group for the benefit of its shareholders and creditors. On June 18, 2012, one of TGIL's shareholders made an application to the BVI Court for the appointment of liquidators to TGIL. On July 17, 2012, liquidators were appointed to TGIL as part of a reorganization process that Mr. Gagnon supported and assisted in implementing. On September 17, 2012 a consortium agreed to purchase substantially all of the assets of the TGIL group.

Independent Non-executive Directors

Mr. Chen Jinsong (陳勁松), aged 50, is an independent non-executive Director appointed by the Company on February 17, 2014. Mr. Chen is the founder and board chairman of Shenzhen World Union Properties Consultancy Co., Ltd. (深圳世聯行地產顧問股份有限公司), a company established in 1993 and listed on Shenzhen Stock Exchange (Stock Code: 002285). Mr. Chen has more than 20 years of experience in the real estate development industry and has edited and published a number of works in relation to real estate development theory and market research. He is the adviser of administrative committee as well as a senior member of China Institute of Real Estate Appraisers and Agents (中國房地產估價師與房地產經紀人學會理學會顧問與資深會員), a committee member of the Expert Committee of Real Estate Appraisers and Agents of the Ministry of Construction of China (建設部房地產估價與房地產經紀專家委員會委員), the vice director-member of the City Development Professional Committee of China Real Estate Association (中國房地產業協會城市開發專業委員會副主任委員) and a member of the Committee for Statutory Plans of Shenzhen (深圳市法定圖則委員會委員). He obtained a master's degree in engineering management in April 1988 from Tongji University (同濟大學).

Mr. Gu Yunchang (顧雲昌), aged 69, was appointed as our independent non-executive Director on February 17, 2014. Mr. Gu currently serves as the executive chairman of the National Real Estate Business Alliance and the deputy director of the Housing Policy Expert Committee of the Ministry of Housing and Urban-Rural Development and had also been the secretary-general of the China Real Estate Association from 1998 to 2006 and the vice president of the China Real Estate Research Association from 2006 to 2013.

Mr. Gu formerly served at different positions in the Ministry of Construction of the PRC, including the deputy director at Policy Research Centre of Ministry of Construction from 1988 to 1998; and the Deputy Division Head and Division Head at Urban Residence Bureau of Ministry of Construction from 1982 to 1986.

Mr. Gu engaged in theory and policy research, market research and analysis concerning China real estate industry. In the 1980s, he participated in the policy research and formulation of China's city and village residential construction techniques, carrying on a State key project "2000 China", and won the First Class National Science Technology Advance Award in China twice. After joining the China Real Estate Association in 1998, he has been involved in promoting the development of the China real estate industry as well as undertaking the research and analysis of the national real estate market. He is also the main organizer of the China Real Estate Market Report, an annual analysis report issued by the China Real Estate Association. Mr. Gu was an independent non-executive director of Shimao Property Holdings Limited (SEHK stock code: 813) from April 2006 to May 2011. Mr. Gu has been the independent non-executive director of Sino-Ocean Land Holdings Limited (SEHK stock code: 3377), E-House (China) Holdings Limited (NYSE: EJ) and CIFI Holdings (Group) Co. Ltd. (SEHK stock code: 884) since 2007, 2008 and 2012, respectively. Mr. Gu has also been the independent director of COFCO Property (Group) Co., Ltd. (SZSE stock code: 000031) and Zhejiang Yasha Decoration Co., Ltd. (SZSE stock code: 002375) since April 2012 and May 2013, respectively. Mr. Gu obtained his qualification as a senior urban planner in April 1988 and qualification as a researcher specializing in residence and real estate in December 1999, both of which were certified by the Ministry of Construction. Mr. Gu obtained a bachelor's degree in Urban Planning from Tongji University in July 1966.

Mr. Ng Fook Ai, Victor (黃博愛), aged 66, is an independent non-executive Director appointed by the Company on February 17, 2014. Mr. Ng is the chairman of 1 Rockstead GIP Fund Limited and the founder and executive chairman of New Climate Assets Pte. Ltd, an investment company headquartered in Asia focused on investments in Greater China. He managed a number of China focused funds, including China Growth Opportunities Limited, a £50 million UK-listed fund that focuses on private equity investments in China. Mr. Ng has been a director and the chairman of audit committee of Asia Power Corporation Limited, a company listed on the main board of the Singapore Stock Exchange, the chairman and a member of audit committee of Devotion Energy Group Limited, a company listed on the main board of the Singapore Stock Exchange, and My E.G. Services Bhd, a company listed on the main board of Bursa Malaysia, since 1999, 2004 and 2008, respectively. Mr. Ng obtained a bachelor's degree in economics and a master's degree in economics from the University of London in 1976 and 1978, respectively.

SENIOR MANAGEMENT

Mr. Yi Xiaodi (易小迪) is the chief executive officer of the Group. Please refer to the sub-section above headed "Executive Directors" of this annual report for Mr. Yi's biography.

Mr. Fan Xiaochong (范小冲) is the executive vice-president of the Group. Please refer to the sub-section above headed "Executive Directors" of this annual report for Mr. Fan's biography.

Mr. Du Hongwei (杜宏偉), aged 46, is the vice president and the chief financial officer of the Group. He is responsible for the financial affairs of the Group. Mr. Du joined the Group as the vice president in December 2013 and was appointed as the chief financial officer of the Group in January 2014. He used to serve as the chief financial officer of Sunshine 100 Group from May 2005 to January 2007. Mr. Du has served as the general manager of capital market and investment banking department of China Merchants Securities Co., Ltd. from January 1999 to March 2002 and the general manager of China Aviation Industrial Fund (中國航空產業投資基金) from September 2009 to May 2012. Mr. Du obtained a master of degree in economics from Fudan University in July 1993.

Mr. Li Hui (黎輝),aged 47, is the vice president of the Group and the general manager of Southwestern Project Management Centre. He is responsible for property management and customer service of the Group, and daily management of the foresaid project. Mr. Li joined the Group as the assistant to the chief executive officer in January 2008. He was appointed as the vice president in April 2009, the general manager of Southwestern Project Management Centre in September 2010, the general manager of Wuxi Sunshine 100 International New Town project in September 2011, and the chief financial officer in June 2013. Prior to joining the Group, Mr. Li has served as the deputy general manager of Hainan Science Real Estate Development Co., Ltd. (海南賽特房地產開發有限公司) from 1993 to 1995 and the deputy general manager, the managing vice president and the general manager of Shanghai Oriental International Plaza Development Company (上海東方國際廣場發展公司) from 1996 to December 2000. He also served as the general manager and the chairman of the board of directors of Shanghai Hehe Property Management Co., Ltd. (上海禾和物業管理有限公司) from 2000 to 2008. Mr. Li obtained a bachelor of law degree in international economic law from East China University of Political Science and Law (華東政法大學) (formerly known as East China College of Politics and Law(華東政法學院) in July 1989.

Mr. Jiang Qinyuan (江沁園), aged 44, is the vice president of the Group and the head of Operation Supervision Department of the Group. He is responsible for the overall operation of the Group, including business planning and management, and commercial management of the Group. Mr. Jiang served as the group manager at Procter & Gamble (Guang Zhou) Ltd. from July 1992 to July 1998. Mr. Jiang joined the Group as the vice president in April 2010. Prior to joining the Group, Mr. Jiang has served as a consultant at the PRC and Singapore offices of Bain & Company from 2000 to 2003, the managing director of the Chicago-based China Optimization Group (思歐捷有限公司) from 2004 to 2010, and the president of Catala (Hangzhou) Painting Projects Co., Ltd. (佳塗樂(杭州)塗裝服務有限公司), a professional painting contractor, from 2008 to early 2010. Mr. Jiang obtained a bachelor of science degree in mathematics from Sun Yat-Sen University (中山大學) in July 1991 and a master of business administration from Cornell University in May 2000.

Mr. Chen Meng (陳夢), aged 51, is the vice-president of the Group and the general manager of Southern China Project Management Centre. He is responsible for design management and daily management of the Southern China Project Management Centre. Mr. Chen joined the Group as the executive director of Nanning Sunshine 100 Australian Garden in December 1998. He was appointed as the general manager of Ji'nan Sunshine 100 International New Town project in January 2002, the general manager of Southern China Project Management Centre in September 2009, and the vice president of the Group in September 2010. Prior to joining the Group, Mr. Chen has served as a division head of Nanning Third Construction and Installation Co., Ltd. (南寧市三建建築安裝工程有限責任公司) from January 1991 to July 1992 and the chairman and general manager of Nanning Oriental Garden Property Co., Ltd. (南寧東方園物業有限責任公司) from October 1996 to November 1998. Mr. Chen obtained a professional diploma from University of South China (南華大學) (formerly known as Hunan Hengyang Technology Institute (湖南衡陽工學院) in July 1987.

Mr. Mo Qingpan (莫輕潘), aged 45, is the general manager of Northern China Project Management Centre. Mr. Mo joined the Group in March 2002 as the manager of construction department of Ji'nan Sunshine 100 International New Town project. He was appointed as the assistant to general manager of Liuzhou Sunshine 100 Classic Era project in April 2003, the general manager of Nanning Sunshine 100 Upper East Side International project in August 2005, the general manager of Guilin Sunshine 100 project in June 2009 and the general manager of Shenyang Sunshine 100 International New Town project and the general manager of Northern China Project Management Centre in February 2010. From May 2011 to August 2012, he also was the general manager of Yantai Sunshine 100 City Plaza Project. Prior to joining the Group, Mr. Mo worked for Bureau of Culture Affairs of Guangxi Heng County (廣西橫縣文化局) from August 1989 to November 1991 and People's Government of Guangxi Heng County Nanxiang Township (廣西橫縣南鄉鎮人民政府) from December 1991 to May 1993. He was the deputy director of People's Government of Guangxi Heng County (廣西橫縣人民政府辦公室) from July 1993 to November 1993 and the director of Administrative Office of Culture and Market of Guangxi Heng County (廣西橫縣文化市場管理辦公室) from December 1993 to November 1994 and the office director of Guangxi Institute of Fisheries (廣西水產研究所) from August 1996 to November 2001. Mr. Mo obtained a bachelor's degree in Chinese language and literature from Central University of Nationalities (中央民族大學) (formerly known as Central Institute of Nationalities (中央民族學院) in June 1989. He also completed his undergraduate studies in politics and law at the Correspondence Institute of the Party School of the Central Committee of C.P.C. (中共中央黨校函授學院) in December 1998.

Mr. Tang Liqun (湯立群), aged 45, has been the assistant to the chief executive officer since June 2009 when he joined the Group and is responsible for the sales management of the Group. Prior to joining us, he served as the building manager of China World Trade Centre Co., Ltd. (中國國際貿易中心股份有限公司) from July 1989 to June 1995 and the sales manager of Nestlé (China) Co., Ltd. (雀巢(中國)有限公司) from July 1995 to March 1998. He successively worked as the VIP client manager and the regional sales operation manager of the Beijing branch of Budweiser China Sales Company Limited (百威(中國)銷售有限公司北京分公司) and the national VIP client manager of Anheuser-Busch (Shanghai) Enterprise Management Co., Ltd. (安海斯-布希企業管理(上海)有限公司) from December 2000 to June 2007. Mr. Tang obtained a college diploma in international trade from Beijing Union University (北京聯合大學) in July 1989.

Mr. Ding Gong (丁工), aged 46, is the assistant to the chief executive officer and is responsible for branding, marketing and popularization of the Group. He joined the Group in September 2003 as the assistant to the project general manager of Nanning Sunshine 100 City Plaza project and was appointed as the manager of promotion department of the Group in July 2005, the manager of brand development department of the Group in January 2008, the brand director of the Group in February 2010 and the assistant to the chief executive officer in September 2011. Prior to joining the Group, Mr. Ding was a tutor at Guangxi Nanning College of Education (廣西南寧教育學院) from October 1989 to January 1992 and a correspondent of Guangxi Nanning Radio Station (廣西南寧電台) from January 1992 to January 2003. Mr. Ding obtained a bachelor's degree in philosophy from Beijing Normal University (北京師範大學) in July 1989.

Mr. Wu Lei (吳雷), aged 42, is the general manager of the Central-South China Project Management Centre. Mr. Wu joined the Group in June 2002 as the manager of procurement department of Nanning Sunshine 100 City Plaza project and was appointed as the assistant to the general manager of Liuzhou Sunshine 100 Classic Era project in April 2003, the assistant to the general manager of Changsha Sunshine 100 International New Town project in January 2004, the general manager of Changsha Sunshine 100 International New Town project in April 2009 and the deputy general manager of Central-South China Project Management Centre in December 2011. Mr. Wu completed his undergraduate studies from Hubei University (湖北大學) in June 1997 and completed the advanced training courses in real estate innovative management from Tsinghua University (清華大學) in April 2009. He received a certificate as a mid-level financial analyst (中級金融師) from Ministry of Personnel, PRC (中華人民共和國人事部) in November 2001. Mr. Wu Lei is the son of Ms. Fan, a non-executive Director of the Company.

Mr. He Jie (賀杰), aged 52, is the assistant to the president, and chief legal officer of the Group. He is responsible for the Group's legal, administrative and information technology affairs. Mr. He joined the Group in June 2004 as legal counsel and deputy director general of the administrative office. He was appointed as administrative director general and legal counsel in January 2008 and assistant to the president and chief legal officer in January 2014. Before joining the Group, Mr. He worked at Beijing Chongwen First Law Firm (北京崇文第一法律事務所) in economic, civil, patent and other practice areas as well as acting as corporate legal counsel from 1992 to 1993. He served as the vice chairman and general manager of Beijing Fubu International Economic Consulting Services Ltd. (北京服部國際經濟諮詢有限公司) from August 1993 to May 1996. Mr. He obtained a bachelor's degree in law from China University of Political Science and Law (中國政法大學) in July 1984 and then studied at the Graduate School of Salem State College, Massachusetts, U.S. from September 2002 to July 2003.

Mr. Ngai Wai Fung (魏偉峰), aged 52, is the company secretary of the Company. Mr. Ngai is a director and chief executive officer of SW Corporate Services Group Limited. Mr. Ngai is currently the vice president of the Hong Kong Institute of Chartered Secretaries. Mr. Ngai is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Ngai obtained a master's degree in business administration from Andrews University in Michigan in August 1992, a bachelor's degree in law from University of Wolverhampton in the United Kingdom in October 1994, a master's degree in corporate finance from Hong Kong Polytechnic University in November 2002 and a doctoral degree in finance from Shanghai University of Finance and Economics in June 2011.

Report of the Directors

The Board of Directors of the Company (the "**Board**") is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 20 September 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands (the "**Companies Law**"). The Company's shares (the "**Shares**") became listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 March 2014 (the "**Listing**" or "**Listing Date**").

PRINCIPAL ACTIVITIES

The Group is principally engaged in property and land development, property investment and property management and hotel operation in China.

An analysis of the Group's revenue for the year by principal activities is set out in note 2 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income on pages 71 to 72 of this annual report.

SUBSIDIARIES

Details of the subsidiaries at 31 December 2013 are set out in note 13 to the financial statements.

FINAL DIVIDENDS

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

FINANCIAL SUMMARY/FINANCIAL REVIEW

A financial summary of the Group's results, assets, liabilities for the last four financial years are set out on pages 8 to 9 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately HK$1,876.1 million, which are intended to be applied in the manner consistent with that disclosed in the Company's prospectus dated 27 February 2014 (the "**Prospectus**").

OUTCOME OF PROFIT ESTIMATE IN THE PROSPECTUS

Profit for the year ended 31 December 2013 achieved by the Company was 23% above the profit estimate, details of which were set out in the Prospectus.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, purchases from the Group's five largest suppliers accounted for 15.9% (2012: 12.7%) of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

For the year ended 31 December 2013, the Group's sales to its five largest customers accounted for 3.4% (2012: 3.9%) of the Group's revenue and the five largest customers of the Group accounted for less than 30% of the Group's revenue in the year.

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

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the year ended 31 December 2013 are set out in note 11 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2013 are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2013 are set out in note 24 to the financial statements.

After the year ended 31 December 2013 and up to the date of this annual report, movements in the share capital of the Company are as follows:

(i) Increase of Authorized Share Capital

As mentioned in the Prospectus, on 16 February 2014, the Company increased its authorized share capital to US$50,000 and HK$30,000,000 by the creation of an addition of 3,000,000,000 shares of par value of HK$0.01 each. On the same date, the Company issued 39,000,000 shares of par value of HK$0.01 each fully paid to Joywise Holdings Limited ("**Joywise**") and the Company repurchased the existing 50,000 issued shares of par value of US$1.00 held by Joywise. As of the date of this annual report, the authorized share capital of the Company was HK$30,000,000 divided into 3,000,000,000 shares of par value of HK$0.01 each.

(ii) Capitalization Issue

Conditional upon the crediting of the Company's share premium account as a result of the issue of the Offer Shares (as defined in the Prospectus) pursuant to the Global Offering (as defined in the Prospectus), the Directors were authorized to capitalize the Capitalization Amount (as defined in the Prospectus) standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par the Capitalization Shares (as defined in the Prospectus) for issue and allotment to Joywise. Therefore, 1,347,715,012 shares of par value of HK$0.01 were issued and allotted by the Company to Joywise on the Listing Date.

(iii) Global Offering

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. Pursuant to the Global Offering (as defined in the Prospectus), the Company issued 500,000,000 new shares at the price of HK$4.00 per share.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2013 are set out on page 76 in the consolidated statement of changes in equity and in note 24 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the Company's distributable reserves as at 31 December 2013 are set out in note 24 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2013 are set out in note 21 to the financial statements.

DIRECTORS

The Directors from the Listing Date up to the date of this annual report were:

Executive Directors:

Mr. Yi Xiaodi *(Chairman and Chief Executive Officer) (appointed on 20 September 2007)*

Mr. Fan Xiaochong *(appointed on 20 September 2007)*

Non-executive Director:

Ms. Fan Xiaohua *(appointed on 20 September 2007)*

Mr. Joseph Raymond Gagnon *(appointed on 15 June 2011)*

Independent non-executive Directors:

Mr. Chen Jinsong *(appointed on 17 February 2014)*

Mr. Gu Yunchang *(appointed on 17 February 2014)*

Mr. Ng Fook Ai, Victor *(appointed on 17 February 2014)*

In accordance with articles 83(3), 84(1) and 84(2) of the articles of association of the Company (the "**Articles of Association**"), Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Joseph Raymond Gagnon, Mr. Chen Jinsong, Mr. Gu Yunchang and Mr. Ng Fook Ai, Victor will retire from office, and being eligible, have been recommended by the Board for re-election as Directors at the forthcoming annual general meeting of the Company to be held on 18 June 2014 (the "**AGM**").

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 30 to 37 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As of 31 December 2013, the Company was wholly owned by Joywise and none of the independent non-executive Directors were appointed. The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from each of the independent non-executive Directors for the period from the Listing Date up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

None of the Directors has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

For the details of the service contracts and the appointment letters of each of the Directors, please see the section headed "Corporate Governance Report" in this annual report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2013.

EMOLUMENT POLICY

A remuneration committee of the Board (the "**Remuneration Committee**") was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

The Company has adopted a share option scheme (the "**Share Option Scheme**") as incentive to eligible participants, details of the Share Option Scheme are set out in the sub-section headed "Share Option Scheme" below.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 6 and 7 to the financial statements.

Save that Mr. Joseph Raymond Gagnon has agreed not to receive any remuneration under his appointment letter with the Company, no Director has waived or has agreed to waive any emoluments during the year ended 31 December 2013.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

From the Listing Date up to the date of this annual report, there were no changes to the information which are required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this annual report, the interests or short positions of Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(i) Interests in the Company

Name of Director	Capacity in which interests are held	Interests in Shares	Approximate percentage of issued share capital of the Company	Notes
Yi Xiaodi	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012(L)	69.34%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012(L)	69.34%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012(L)	69.34%	1, 2, 5

Notes:

(1) The letter "L" denotes the person's long positions in the Shares.

(2) 40% of the issued share capital of Joywise is held by Ming Fai International Limited ("**Ming Fai**") and 60% of the issued share capital of Joywise is held by Harvest Well Holdings Limited ("**Harvest Well**"). Both Ming Fai and Harvest Well are deemed under the SFO to be interested in the Shares held by Joywise. 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above, Fantasy Races Limited is deemed under the SFO to be interested in the Shares held by Joywise.

(3) Mr. Yi Xiaodi is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Yi Xiaodi, his family members and other persons who may be added from time to time (the "**Yi Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Fantastic Magician Limited is interested in.

Mr. Yi Xiaodi is also one of the founders of the discretionary investment collective trust established by Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Ms. Liu Chaohui, Mr. Tian Feng, Mr. Li Mingqiang (the "**Individual Controlling Shareholders**"), the discretionary beneficiaries of which are the Individual Controlling Shareholders and other persons who may be added from time to time (the "**Sunshine Trust I**"). By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Yi Xiaodi is one of the parties to each of the concert party agreement dated 12 August 2010 entered into between Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua and Mr. Liao Chimei (the "**2010 Agreement**") and the concert party agreement dated 1 August 2013 entered into among the Individual Controlling Shareholders (the "**2013 Agreement**"). By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Yi Xiaodi is deemed under the SFO to be interested in the Shares held by Joywise.

(4) Mr. Fan Xiaochong is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Fan Xiaochong, his family members and other persons who may be added from time to time (the "**FXC Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which True Passion Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of the Sunshine Trust I. By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Fan Xiaochong is also the founder of the discretionary collective trust established by the Individual Controlling Shareholders, the discretionary beneficiaries of which are three persons and other persons who may be added from time to time (the "**Sunshine Trust II**"). By virtue of the SFO, he is deemed to be interested in the Shares which Floral Crystal Limited is interested in.

Mr. Fan Xiaochong is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Fan Xiaochong is deemed under the SFO to be interested in the Shares held by Joywise.

(5) Ms. Fan Xiaohua is the founder of the discretionary family trust, the discretionary beneficiaries of which are Ms. Fan Xiaohua, his family members and other persons who may be added from time to time (the "**FXH Family Trust**"). By virtue of the SFO, she is deemed to be interested in the Shares which Glorious Glory Limited is interested in.

Ms. Fan Xiaohua is also one of the founders of the Sunshine Trust I. By virtue of the SFO, she is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Ms. Fan Xiaohua is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Ms. Fan Xiaohua is deemed under the SFO to be interested in the Shares held by Joywise.

(ii) Interests in associated corporations

Name of Director	Capacity in which interests are held	Name of associated corporation	Interests in shares	Percentage of shareholding	Notes
Yi Xiaodi	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	1
Fan Xiaochong	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	2
Fan Xiaohua	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	3
Yi Xiaodi	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	4
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	5
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	6
Yi Xiaodi	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	1
Fan Xiaochong	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	2
Fan Xiaohua	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	3

Notes:

(1) Please refer to Note 3 in the sub-section above headed "(i) Interest in the Company".

(2) Please refer to Note 4 in the sub-section above headed "(i) Interest in the Company".

(3) Please refer to Note 5 in the sub-section above headed "(i) Interest in the Company".

(4) Please refer to Notes 2 and 3 in the sub-section above headed "(i) Interest in the Company".

(5) Please refer to Notes 2 and 4 in the sub-section above headed "(i) Interest in the Company".

(6) Please refer to Notes 2 and 5 in the sub-section above headed "(i) Interest in the Company".

Save as disclosed above, as at the date of this annual report, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2013 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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

As at the date of this annual report, to the best of the knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Joywise	Beneficial owner	1,386,715,012 (L)	69.34%	1
Ming Fai	Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 2
Harvest Well	Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 3
Fantasy Races Limited	Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 4
Jin Xiangfei	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012 (L)	69.34%	1, 5
Liu Chaohui	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012 (L)	69.34%	1, 6
Tian Feng	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012 (L)	69.34%	1, 7
Li Mingqiang	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012 (L)	69.34%	1, 8
Cititrust Private Trust (Cayman) Limited	Trustee Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 9
Liao Chimei	Persons acting in concert Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 10
Riverside 100 Holdings A LLC	Beneficial owner	113,284,988 (L)	5.66%	1, 11
Warburg Pincus & Co.	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
Warburg Pincus Partners LLC	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11

Name of shareholder	Capacity in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Warburg Pincus Real Estate I GP, LLC	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
Warburg Pincus Real Estate I, L.P.	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
WP RE Alpine International Ltd	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11

Notes:

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

(2) 40% of the issued share capital of Joywise is held by Ming Fai. Ming Fai is deemed under the SFO to be interested in the Shares held by Joywise.

(3) 60% of the issued share capital of Joywise is held by Harvest Well. Harvest Well is deemed under the SFO to be interested in the Shares held by Joywise.

(4) 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited.

In light of the above and notes 2 and 3, Fantasy Races Limited is deemed under the SFO to be interested in the Shares held by Joywise.

(5) Mr. Jin Xiangfei is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Jin Xiangfei, his family members and other persons who may be added from time to time (the "**Jin Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Creative Goal Limited is interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

Mr. Jin Xiangfei is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in.

In light of the above and the other notes, Mr. Jin Xiangfei is deemed under the SFO to be interested in the Shares held by Joywise.

(6) Ms. Liu Chaohui is the founder of the discretionary family trust, the discretionary beneficiaries of which are Ms. Liu Chaohui, her family members and other persons who may be added from time to time (the "**Liu Family Trust**"). By virtue of the SFO, she is deemed to be interested in the Shares which Butterfly Fairy Limited is interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

Ms. Liu Chaohui is one of the parties to the 2013 Agreement By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to that agreement are interested in.

In light of the above and the other notes, Ms. Liu Chaohui is deemed under the SFO to be interested in the Shares held by Joywise.

(7) Mr. Tian Feng is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Tian Feng, his family members and other persons who may be added from time to time (the "**Tian Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Happy Sunshine Limited is interested in.

Mr. Tian Feng is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them. namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Tian Feng is deemed under the SFO to be interested in the Shares held by Joywise.

(8) Mr. Li Mingqiang is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Li Mingqiang, his family members and other persons who may be added from time to time (the "**Li Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Ultimate Triumph Investments Limited is interested in.

Mr. Li Mingqiang is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Li Mingqiang is deemed under the SFO to be interested in the Shares held by Joywise.

(9) Cititrust Private Trust (Cayman) Limited (the "**Trustee**") is the trustee under the Yi Family Trust, the FXC Family Trust, the FXH Family Trust, the Jin Family Trust, the Tian Family Trust, the Liu Family Trust, the Li Family Trust, the Sunshine Trust I and the Sunshine Trust II. For details of these trusts, see "History, Reorganization and Group Structure—Establishment of Offshore Trusts" from page 121 to page 122 of the Prospectus.

In light of the above and notes 2 and 3, the Trustee is deemed under the SFO to be interested in the Shares held by Joywise.

(10) Mr. Liao Chimei is one of the parties to the 2010 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement (namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua) are interested in. By virtue of the 2013 Agreement, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua are deemed to be interested in the Shares which Mr. Jin Xiangfei, Ms. Liu Chaohui, Mr. Tian Feng and Mr. Li Mingqiang are interested in.

In light of the above and the other notes, Mr. Liao Chimei is deemed under the SFO to be interested in the Shares held by Joywise.

(11) Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus Real Estate I GP, LLC, Warburg Pincus Real Estate I, L.P. and WP RE Alpine International Ltd hold, directly or indirectly, one-third or above interests in Riverside 100 Holdings A LLC, respectively. Therefore, Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus Real Estate I GP, LLC, Warburg Pincus Real Estate I, L.P. and WP RE Alpine International Ltd are deemed under the SFO to be interested in the Shares held by Riverside 100 Holdings A LLC.

Save as disclosed above, and as at the date of this annual report, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No controlling shareholders (as defined in the Listing Rules) or its subsidiary had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date up to the date of this annual report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law or the laws of the Cayman Islands where the Company was incorporated which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

NON-COMPETITION UNDERTAKING

Each of the Individual Controlling Shareholders, Joywise, Ming Fai, Harvest Well (together with the Individual Controlling Shareholders, the "**Controlling Shareholders**") has, under the deed of non-competition dated 17 February 2014 (the "**Deed of Non-Competition**"), undertaken and covenanted with the Company that for so long as they and/or their respective associates (as defined in the Listing Rules), directly or indirectly, whether individually or taken together, remain the Controlling Shareholders of the Company, each of them will not, and will procure his associates not to directly or indirectly, (including through any controlled company, associate, body corporate, partnership, joint venture or other contractual arrangement) carry on, engage, invest, participate or otherwise be interested in the property development business in the PRC.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the Deed of Non-Competition for disclosure in this annual report during the year ended 31 December 2013.

EXECUTIVE DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2013, none of the executive Directors or their respective associates had engaged in or had any interest in any business which, directly or indirectly, competes or may compete with the businesses of the Group.

CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with parties which, upon the Listing, became connected persons of the Company and such transactions thus constituted continuing connected transactions and connected transactions under the Listing Rules. These transactions were disclosed in the Prospectus, one of which is a continuing connected transaction which is required to be disclosed in this annual report in compliance with the requirements under the Listing Rules and the conditions of waivers previously granted by the Stock Exchange.

Details of the continuing connected transaction are set out as follows:

Yantai Sunshine 100 Commercial Development Co., Ltd. ("**Yantai Commercial**"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement for a term of ten years starting from 15 March 2011 with Yantai Shenghe Department Store Co., Ltd. ("**Yantai Shenghe**"), pursuant to which Yantai Commercial leased certain units situated at the Lower Ground Level 1 of Block T and Level 1 to Level 4 of Block S1 of Yantai Sunshine 100 City Plaza, 26 Harbour Road, Zhifu District, Yantai, the PRC (the "**Yantai Properties**") with an aggregate gross floor area of 33,617.21 sq.m. to Yantai Shenghe for commercial use. Yantai Commercial have entered into an amended property leasing agreement on 17 February 2014, (the "**Yantai Amended Property Leasing Agreement**") with Yantai Shenghe regarding the terms and conditions for the lease of the Yantai Properties for a period commencing from 17 February 2014 and ending on 31 December 2015 which superseded and replaced the original lease agreement.

Pursuant to the Yantai Amended Property Leasing Agreement, the annual rental payable by Yantai Shenghe to us for the three years ending 31 December 2015 would be approximately RMB11,300,000, RMB12,200,000 and RMB12,400,000 (excluding management fees which shall be paid by Yantai Shenghe directly to the property management company and utilities expense which shall be paid by Yantai Shenghe to relevant utility service providers) which are determined based on prevailing market rate. Yantai Shenghe is a wholly-owned subsidiary of Guangxi Jiaxiang, a company owned as to 60% by Ms. Fan Xiaohua, a Director and one of the Controlling Shareholders, and Yantai Shenghe is therefore an associate of Ms. Fan Xiaohua, hence, it is a connected person of the Company.

As each of the applicable percentage ratios (other than the profits ratio) in relation to the amount payable by Yantai Shenghe to Yantai Commercial under the Yantai Amended Property Leasing Agreement is lower than 5%, such transaction is exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules but subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the reporting and announcement requirements set out in Rule 14A.45 to 14A.47 of the Listing Rules.

The continuing connected transaction mentioned above has been reviewed by the independent non-executive Directors who have confirmed that the transaction has been entered into: (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms; and (c) in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed by the Company in this annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Furthermore, the Group engages in property development in China, which is a business operation that requires external funding. In addition to traditional bank loans, developers in China may obtain other facilities from trust finance companies by pledging their equity interests in project companies and lands. As of the Listing Date, the Group had entered into certain trust financing arrangements and lending facility arrangements with connected persons in the ordinary course of business. Such trust financing arrangements and lending facility arrangements involved the provision of financial assistance by connected persons which are not exempt from the requirements in relation to connected transactions under the Listing Rules pursuant to Rule 14A.65 or 14A.66 of the Listing Rules and are required to be disclosed in this annual report in compliance with the conditions of waivers previously granted by the Stock Exchange. For details of such arrangements, please see paragraphs 8 to 17 under the section headed "Connected Transactions" in the Prospectus.

Save as disclosed above, a summary of significant related party transactions, which do not constitute connected transactions or continuing connected transactions, made during the year ended 31 December 2013 is disclosed in note 28 to the financial statements.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 17 February 2014.

1. **Purpose**

   The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant options to the Eligible Participants (as defined in paragraph 2 below) as incentives or rewards for their Contribution they had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

   (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

   (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. **Eligible Participants**

   The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below to:

   (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

   (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries;

   (iii) any advisers, consultants, suppliers, customers, distributors and agents to the Company or any of its subsidiaries; and

   (iv) any such other persons who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

   Upon acceptance of the option, the grantee shall pay HK$1.00 (or an equivalent amount in RMB) to the Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

3. **Maximum number of Shares**

   The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (as defined in the Prospectus), being 200,000,000 Shares.

4. **Maximum number of options to any one individual**

   The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant.

5. **Price of Shares**

   The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will be at less the higher of:

   (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

   (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

   (iii) the nominal value of a Share.

6. **Granting options to connected persons**

   Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent nonexecutive Director who is the grantee of the options).

7. **Restrictions on the times of grant of options**

A grant of options may not be made when inside information has come to the knowledge of the Company until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results, half year, quarterly or other interim period (whether or not required under the Listing Rules);

(ii) the deadline for the Company to publish an announcement of results of the Company for (i) any year or half-year period in accordance with the Listing Rules: and (ii) any quarterly or any other interim period, where the Company has elected to publish such results (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be), and where the grant of options is to a Director;

(iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

8. **Rights are personal to grantee**

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do.

9. **Time of exercise of option and duration of the Share Option Scheme**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme, subject to earlier termination by the Company in general meeting or by the Board. The Share Option Scheme shall be valid and effective for a period of ten years from the date of its adoption.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the Shares in issue on the date of Listing. The Company may at any time refresh such limit subject to the Shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

As at the date of this annual report, no option under the Share Option Scheme has been granted by the Company.

CHARITABLE DONATIONS

During the year ended 31 December 2013, the Group made charitable donations of approximately RMB10 million.

POST BALANCE SHEET EVENTS

The material post balance sheet events are disclosed in note 33 to the audited financial statements.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") had reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has adopted and complied with all the applicable provisions under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, except for the following deviations from Code Provisions A.2.1, A.1.8 and A.5.2(d) which are described in further details in the section headed "Corporate Governance Report" in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 58 to 68 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 June 2014 to Wednesday, 18 June 2014, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 13 June 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float in compliance with the requirements of the Listing Rules since the Listing Date up to the date of this annual report.

AUDITOR

KPMG has acted as auditor of the Company for the year ended 31 December 2013.

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

On behalf of the Board
Yi Xiaodi
Chairman and Executive Director

Beijing, the PRC, 31 March 2014

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has adopted and complied with all the applicable provisions under the CG Code, except for the following deviations:

- Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yi Xiaodi is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Yi and believes that his appointment to the positions of chairman and chief executive officer is beneficial to the business prospects of the Company.

- Code Provision A.1.8 of the CG Code stipulates that an issuer should arrange appropriate insurance coverage in respect of legal action against its directors. The Company has not yet arranged such insurance coverage. The Board will continue to review the arrangements for insurance coverage for the Directors, and will arrange for insurance cover in due course.

- Code Provision A.5.2(d) of the CG Code stipulates that the Nomination Committee should make recommendations to the Board for the appointment or re-appointment of directors. Pursuant to the Articles of Association, the relevant Directors shall retire at the AGM, and be re-elected at that meeting to continue office. Since those directors' retirement complies with the requirements under the Articles of Association, and the Company has only been recently listed on the Listing Date, the Board believes that the re-election of these Directors does not require recommendation by the Nomination Committee to the Board (the "**Nomination Committee**"). The future re-elections of the Directors will comply with the requirements of Code Provision A.5.2(d).

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Board Composition

The Board currently comprises two executive Directors, namely Mr. Yi Xiaodi and Mr. Fan Xiaochong, two non-executive Directors, namely Ms. Fan Xiaohua and Mr. Joseph Raymond Gagnon, and three independent non-executive Directors, namely Mr. Chen Jinsong, Mr. Gu Yunchang and Mr. Ng Fook Ai, Victor. The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

Since the Listing Date and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules. Of the three independent non-executive Directors appointed, which represents at least one-third of the Board, one independent non-executive Director, namely Mr. Ng Fook Ai, Victor, is equipped with appropriate professional qualifications or adequate accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Save as disclosed in the biographies of the Directors as set out under the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Diversity of the Board

To enhance the efficiency of the Board and corporate governance standard of the Company, the Board should maintain a balanced mix of executive Directors and non-executive Directors (including independent non-executive Directors) so that the Board is highly independent and is able to make independent judgements efficiently. In selecting candidates, a diversified perspective, including but not limited to the age, cultural and education background, professional and industry experience, skills, knowledge, race and other qualifications that are essential to the business of the Company, will be applied so that the candidate can bring advantage and make contribution to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and confirm the progress on achieving such objectives.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors will disclose their commitments to the Company annually.

Training and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company will also arrange regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. All Directors have provided their training records to the Company.

Chairman and Chief Executive Officer

Under the current organization structure of the Company, Mr. Yi Xiaodi is the Chairman of the Board and the Chief Executive Officer. The reason for the two roles being vested in the same individual was set out in the sub-section headed "Corporate Governance Practices" above.

Appointment, Re-Election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company under which he has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

One of the non-executive Directors, Ms. Fan Xiaohua has entered into a service contract with the Company under which she agreed to act as non-executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the non-executive Director or the Company. One of the non-executive Directors, Mr. Joseph Raymond Gagnon has signed an appointment letter with the Company for a term of three years with effect from the Listing Date.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from the Listing Date.

In accordance with the Articles of Association, one-third of the Directors for the time being shall retire by rotation at each annual general meeting of the Company but every Director is subject to retirement by rotation at least once every three years and, being eligible, can offer himself for re-election at the annual general meeting. Any new Director appointed by the Board to fill a causal vacancy is subject to re-election by the Shareholders at the first annual general meeting of the Company after appointment. Any new Director appointed as an addition to the Board is subject to re-election by Shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Board Meetings

The Company will adopt the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other meetings of the Board and the Board Committees, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or members of the relevant Board Committees at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or members of the relevant Board Committees are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Sufficient details of the matters considered, decisions reached and concerns raised by any Directors are recorded in the minutes of the meetings of the Board and Board Committees. Draft minutes of each meeting of the Board or Board Committees are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

Since the Listing Date and up to the date of this annual report, one Board meeting was held with the presence of all Directors (Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Joseph Raymond Gagnon, Mr. Chen Jinsong, Mr. Gu Yunchang and Mr. Ng Fook Ai, Victor).

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' securities transactions. Specific enquiry has been made of all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this annual report.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors have the option to obtain independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions are entered into by the management.

Corporate Governance Functions

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include the following:

- to develop, review and implement the Company's policy and practices on corporate governance and make recommendations to the Board;
- 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 (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee currently comprises three members, namely Mr. Yi Xiaodi *(chairman)*, Mr. Chen Jinsong and Mr. Gu Yunchang, the majority of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- to assess the independence of independent non-executive Directors;

- to make recommendations to the Board on appointment or re-appointment of directors and succession planning for Directors, in particular the chairman and the chief executive; and

- to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually.

The Nomination Committee will assess the candidate or the incumbent on criteria such as skills, knowledge, experience and diversity of perspectives. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Since the Listing Date and up to the date of this annual report, the Nomination Committee has not yet convened any meeting. The retirement of the relevant Directors at the AGM complies with the requirements under the Articles of Association, and the Company has only been recently listed on the Listing Date, therefore the Board believes that the re-election of these Directors does not require recommendation by the Nomination Committee to the Board.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Chen Jinsong *(chairman)*, Mr. Fan Xiaochong and Mr. Gu Yunchang, the majority of them are independent non-executive Directors.

The primary duties of the Remuneration Committee include but not limited to the following:

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

- either: (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

- to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

- to consider and approve the granting of share options to eligible participants under the Share Option Scheme.

The Remuneration Committee is also responsible for ensuring that no Director or any of his/her associates (as defined in the Listing Rules) will participate in deciding his/her own remuneration, which remuneration will be determined by reference to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

Since the Listing Date and up to the date of this annual report, the Remuneration Committee has not yet convened any meeting.

Details of the remuneration by band of the 12 members of the senior management of the Company, whose biographies are set out on pages 30 to 37 of this annual report, for the year ended 31 December 2013 are set out below:

Remuneration band (RMB'000)	Number of individuals
Below 1,000	4
1,000 to 2,000	3
2,001 to 3,000	2
3,001 to 4,000	3

Audit Committee

The Audit Committee comprises all the three independent non-executive Directors namely, Mr. Ng Fook Ai, Victor *(chairman)*, Mr. Chen Jinsong and Mr. Gu Yunchang. The main duties of the Audit Committee include the following:

- to deal with the relationship with the Company's external auditors;
- to review the Company's financial information;
- to oversee the Company's financial reporting system and internal control procedures; and
- to perform the Company's corporate governance functions.

Since the Listing Date and up to the date of this annual report, one meeting of the Audit Committee was held with the presence of all three members (namely, Mr. Ng Fook Ai, Victor, Mr. Chen Jinsong and Mr. Gu Yunchang).

The Audit Committee reviewed the financial control system, crisis management and internal control processes and assessed their effectiveness considering the factors including the adequacy of resources for financial reporting, staff qualifications and experience, training programmes and the budget of the Company's accounting and financial reporting function. The Audit Committee also reviewed the state of the Company's corporate governance against the criteria set out in the CG Code and considered the reappointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

The members of the Audit Committee also reviewed the preliminary results of the Company and its subsidiaries for the year ended 31 December 2013 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2013 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 69 to 70 of this annual report.

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and the Group's assets and reviewing the effectiveness of such system on an annual basis.

The Audit Committee, pursuant to its terms of reference, has conducted a review on the effectiveness of the internal control system of the Company once since the Listing Date and up to the date of this annual report, and considered the internal control system to be effective and adequate. The Audit Committee will continue to review the internal control system regularly in the future.

AUDITOR'S REMUNERATION

The external auditor's annual audit fees of the Group for the year ended 31 December 2013 are estimated to be approximately RMB2.50 million. The Group incurred approximately RMB5.88 million in 2013 for services provided by external auditor in connection with the Listing.

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules, the Company has engaged Mr. Ngai Wai Fung, a director and chief executive officer of SW Corporate Services Group Limited (a corporate service provider), as its company secretary. Mr. Ngai is responsible for advising the Board on corporate governance matters and ensuring that the Board complies with the applicable policies and procedures, and the applicable laws, rules and regulations.

In compliance with Rule 3.29 of the Listing Rules, Mr. Ngai has undertaken not less than 15 hours of relevant professional training in the year ended 31 December 2013.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions. The primary contact person of the Company is Mr. Du Hongwei, the vice president and the chief financial officer of the Company.

The AGM of the Company provides an opportunity for shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGM to answer shareholders' questions. The external auditor of the Company will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.ss100.com.cn, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue raised at a general meeting, including the election of individual Directors. All resolutions put forward at a general meeting will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Calling extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting according to Article 58 of the Articles of Association.

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the company secretary of the Company by the following channels:

Address: 18/F, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong
Email: ir@ss100.com.cn

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

As regards to how to nominate a person to stand for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business for the Company in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (email address ir@ss100.com.cn).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association was adopted by the Board on 17 February 2014 and became effective on the Listing Date. A copy of the Articles of Association is available on the websites of the Company and the Stock Exchange. During the period from the Listing Date up to the date of this annual report, there was no significant change in constitutional documents of the Company.

KPMG

Independent auditor's report to the shareholders of

Sunshine 100 China Holdings Ltd

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sunshine 100 China Holdings Ltd ("the Company") and its subsidiaries (together referred to as "the Group") set out on pages 71 to 188, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 March 2014

Consolidated Statement of Comprehensive Income

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

	Note	2013 RMB'000	2012 RMB'000
Revenue	2	**5,769,384**	4,454,610
Cost of sales		**(4,119,327)**	(3,042,204)
Gross profit		**1,650,057**	1,412,406
Valuation gains on investment properties	12	**243,454**	139,329
Other income	3	**27,767**	7,115
Selling expenses		**(283,883)**	(186,959)
Administrative expenses		**(333,601)**	(266,130)
Other operating expenses		**(28,398)**	(63,836)
Profit from operations		**1,275,396**	1,041,925
Financial income	4(a)	**44,467**	32,551
Financial expenses	4(a)	**(232,878)**	(343,359)
Share of profits less losses of associates	14	**28,075**	23,061
Profit before taxation	4	**1,115,060**	754,178
Income tax	5	**(484,218)**	(369,884)
Profit for the year		**630,842**	384,294
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investment, net of deferred tax		**–**	(947)
Other comprehensive income for the year, net of income tax		**–**	(947)
Total comprehensive income for the year		**630,842**	383,347

The accompanying notes on pages 79 to 188 form part of these financial statements. Details of dividends payables to equity shareholders of the Company attributable to the profit for the year are set out in Note 24(b).

Consolidated Statement of Comprehensive Income (continued)

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

	Note	2013 *RMB'000*	2012 *RMB'000*
Profit attributable to:			
Equity shareholders of the Company		**672,050**	300,909
Non-controlling interests		**(41,208)**	83,385
Profit for the year		**630,842**	384,294
Total comprehensive income attributable to:			
Equity shareholders of the Company		**672,050**	299,962
Non-controlling interests		**(41,208)**	83,385
Total comprehensive income for the year		**630,842**	383,347
Basic and diluted earnings per share (RMB)	9	**0.48**	0.22

The accompanying notes on pages 79 to 188 form part of these financial statements. Details of dividends payables to equity shareholders of the Company attributable to the profit for the year are set out in Note 24(b).

Consolidated Balance Sheet

At 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property and equipment	11	**763,345**	462,311
Investment properties	12	**4,392,572**	3,468,768
Restricted deposits	19	**402,771**	121,317
Investments in associates	14	**163,162**	114,270
Deferred tax assets	15(b)	**466,448**	418,918
Total non-current assets		**6,188,298**	4,585,584
Current assets			
Properties under development and completed properties held for sale	16	**15,521,469**	11,617,733
Land development for sale	17	**680,006**	379,762
Trade and other receivables	18	**2,739,095**	3,300,717
Restricted deposits	19	**1,557,354**	1,517,836
Cash and cash equivalents	20	**1,216,524**	1,108,320
Total current assets		**21,714,448**	17,924,368
Current liabilities			
Loans and borrowings	21	**5,050,302**	6,752,024
Trade and other payables	22	**3,737,109**	3,740,264
Contract retention payables		**54,380**	63,490
Sales deposits	23	**4,477,771**	4,361,465
Current tax liabilities	15(a)	**850,990**	710,030
Total current liabilities		**14,170,552**	15,627,273
Net current assets		**7,543,896**	2,297,095
Total assets less current liabilities		**13,732,194**	6,882,679

The notes on pages 79 to 188 form part of these financial statements.

Consolidated Balance Sheet (continued)

At 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Loans and borrowings	21	**8,751,735**	3,442,428
Contract retention payables		**209,712**	117,923
Trade and other payables	22	**1,131,264**	873,382
Deferred tax liabilities	15(b)	**888,090**	608,785
Total non-current liabilities		**10,980,801**	5,042,518
NET ASSETS		**2,751,393**	1,840,161
CAPITAL AND RESERVES	24		
Share capital		**376**	376
Reserves		**1,991,683**	1,319,633
Total equity attributable to equity shareholders of the Company		**1,992,059**	1,320,009
Non-controlling interests		**759,334**	520,152
TOTAL EQUITY		**2,751,393**	1,840,161

Approved and authorised for issue by the board of directors on 31 March 2014.

YI Xiaodi
Directors

FAN Xiaochong
Directors

The notes on pages 79 to 188 form part of these financial statements.

Balance Sheet

At 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Investments in subsidiaries	13	**55,276**	55,276
Current assets			
Other receivables	18	**16,548**	214,568
Amounts due from subsidiaries		**669,209**	481,993
Cash and cash equivalents		**3,152**	—
Total current assets		**688,909**	696,561
Current liabilities			
Loans and borrowings	21	**1,740,196**	1,691,800
Amounts due to subsidiaries		**65,959**	45,250
Other payables		**51,952**	—
Total current liabilities		**1,858,107**	1,737,050
Net current liabilities		**(1,169,198)**	(1,040,489)
NET LIABILITIES		**(1,113,922)**	(985,213)
CAPITAL AND RESERVES	24		
Share capital		**376**	376
Reserves		**(1,114,298)**	(985,589)
TOTAL EQUITY		**(1,113,922)**	(985,213)

Approved and authorised for issue by the board of directors on 31 March 2014.

YI Xiaodi	**FAN Xiaochong**
Directors	*Directors*

The accompanying notes on pages 79 to 188 form part of these financial statements.

Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders of the Company							
	Share capital	General reserve fund	Fair value reserve	Property revaluation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 24(c)	Note 24(d)(i)	Note 24(d)(ii)	Note 24(d)(iii)				
At 1 January 2012	376	304,031	947	9,865	697,716	1,012,935	431,379	1,444,314
Profit for the year	–	–	–	–	300,909	300,909	83,385	384,294
Other comprehensive income	–	–	(947)	–	–	(947)	–	(947)
Total comprehensive income for the year	–	–	(947)	–	300,909	299,962	83,385	383,347
Capital injection from non-controlling interests	–	–	–	–	–	–	12,500	12,500
Contribution from non-controlling interests	–	–	–	–	7,112	7,112	(7,112)	–
Transfer to general reserve fund	–	32,333	–	–	(32,333)	–	–	–
At 31 December 2012	376	336,364	–	9,865	973,404	1,320,009	520,152	1,840,161
At 1 January 2013	**376**	**336,364**	**–**	**9,865**	**973,404**	**1,320,009**	**520,152**	**1,840,161**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**672,050**	**672,050**	**(41,208)**	**630,842**
Acquisition of a subsidiary (Note 29)	**–**	**–**	**–**	**–**	**–**	**–**	**311,031**	**311,031**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(1,112)**	**(1,112)**
Capital injection from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**49,000**	**49,000**
Distribution to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(78,529)**	**(78,529)**
Transfer to general reserve fund	**–**	**70,237**	**–**	**–**	**(70,237)**	**–**	**–**	**–**
At 31 December 2013	**376**	**406,601**	**–**	**9,865**	**1,575,217**	**1,992,059**	**759,334**	**2,751,393**

The accompanying notes on pages 79 to 188 form part of these financial statements.

Consolidated Cash Flow Statement

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

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Profit before taxation		**1,115,060**	754,178
Adjustments for:			
— Depreciation	4(c)	**40,181**	28,172
— Valuation gains on investment properties	12	**(243,454)**	(139,329)
— Financial expenses	4(a)	**226,717**	338,608
— Financial income	4(a)	**(44,467)**	(32,551)
— Loss on disposal of subsidiaries		**5**	—
— Net loss on disposal of property and equipment	4(c)	**290**	350
— Share of profits less losses of associates		**(28,075)**	(23,061)
		1,066,257	926,367
(Increase)/decrease in properties under development and completed properties held for sale		**(2,119,432)**	88,280
Increase in land development for sale		**(300,244)**	(67,233)
Increase in trade and other receivables		**(234,192)**	(290,913)
(Increase)/decrease in restricted deposits		**(91,086)**	27,207
Increase in trade and other payables, and contract retention payables		**1,308,458**	192,578
Decrease in sales deposits		**(730,524)**	(773,267)
Cash (used in)/generated from operation		**(1,100,763)**	103,019
Income tax paid		**(400,919)**	(315,328)
Net cash used in operating activities		**(1,501,682)**	(212,309)

The accompanying notes on pages 79 to 188 form part of these financial statements.

Consolidated Cash Flow Statement (continued)

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

	Note	2013 RMB'000	2012 RMB'000
Investing activities			
Financial income received		**42,499**	32,551
Net cash outflow from disposal of subsidiaries		**(32,898)**	—
Proceeds from disposal of other financial assets		**217,000**	100,000
Proceeds from disposal of property and equipment		**1,981**	1,168
Acquisition of subsidiaries, net of cash acquired		**(44,604)**	(34,000)
Acquisition of property and equipment		**(41,135)**	(18,063)
Acquisition of investment properties		**(171,560)**	(109,360)
Acquisition of other financial assets		**(217,000)**	—
Acquisition of associates		**(19,650)**	(19,600)
Repayment of advances to related parties		**1,497,563**	142,280
Advances to related parties		**(517,003)**	(591,606)
Net cash generated from/(used in) investing activities		**715,193**	(496,630)
Financing activities			
Capital injection from non-controlling interests		**49,000**	12,500
Proceeds from loans and borrowings		**9,793,896**	5,609,300
Repayment of loans and borrowings		**(7,319,817)**	(2,888,305)
Interest paid		**(971,751)**	(750,194)
Acquisition of non-controlling interests		**—**	(8,051)
Distribution to non-controlling interests		**—**	(141,129)
Increase in restricted deposits		**(229,886)**	(505,071)
Advances from related parties		**545,326**	41,420
Repayment of advances from related parties		**(971,964)**	(116,879)
Net cash generated from financing activities		**894,804**	1,253,591
Net increase in cash and cash equivalent		**108,315**	544,652
Cash and cash equivalents at 1 January	20	**1,108,320**	563,668
Effect of foreign exchange rate changes		**(111)**	—
Cash and cash equivalents at 31 December	20	**1,216,524**	1,108,320

The notes on pages 79 to 188 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IAS) and interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("The Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued a number of new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The Group has adopted all applicable new and revised IFRSs to the current and prior accounting periods reflected in these financial statements, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 December 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2013 are set out in Note 32.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the Company and the entities carrying out the principal activities of the Group in the People's Republic of China (the "PRC").

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

— financial instruments classified as available-for-sale or as trading securities (see Note 1(f));

— derivative financial instruments (see Note 1(g));

— investment property (see Note 1(h));

— convertible loans (see Note 1(o)); and

— loans and borrowings designated at fair value through profit or loss (see Note 1(p)(ii)).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 30.

(c) Subsidiaries and non-controlling interests

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with Notes 1(o), (p) or (q) depending on the nature of the liability.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 1(d)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates

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

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(e) and (k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

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

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

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

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(f)).

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (see Note 1(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of

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

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

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 1(k)).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill (Continued)

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

(f) Other investments in debt and equity securities

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

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

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any dividends or interest earned on these investments as these are recognized in accordance with the policies set out in Note 1(v)(vi) and (v).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortized cost less impairment losses (see Note 1(k)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognized in the balance sheet at cost less impairment losses (see Note 1(k)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognized in profit or loss in accordance with the policies set out in Notes 1(v)(vi) and (v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognized in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in debt and equity securities (Continued)

When the investments are derecognized or impaired (see Note 1(k)), the cumulative gain or loss recognized in equity is reclassified to profit or loss. Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(h) Investment property

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of investment properties is recognized in profit or loss. Rental income from investment properties is accounted for as described in Note 1(v)(iii).

When an own-occupied property becomes an investment property that will be carried at fair value, any surplus at the date of such transfer between the carrying amount of the property and its fair value is recorded in other comprehensive income and accumulated separately in equity in the property revaluation reserve, when a deficit arises, it will be charged to profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(k)).

The cost of self-constructed items of property includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(x)).

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

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

— Hotel properties	30–40 years
— Office premises	20–30 years
— Motor vehicles	5–8 years
— Office equipment	3–5 years

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

(j) Operating lease charges

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets

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

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

— significant financial difficulty of the debtor;

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

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

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

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

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

— For investments in associates accounted for under the equity method in the consolidated financial statements (see Note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(k)(ii). The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with Note 1(k)(ii).

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

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

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

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

— For available-for-sale securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

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

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

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property and equipment may be impaired or an impairment loss previously recognized no longer exists or may have decreased.

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

— *Calculation of recoverable amount*

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

— *Recognition of impairment losses*

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

— *Reversals of impairment losses*

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

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

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 1(k)(i) and (ii)).

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalized borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such land development for sale. Land development for sale is stated at the lower of cost and net realizable value. Net realizable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realizing the revenue derived from the sale of land development for sale based on prevailing market conditions.

(m) Properties under development and completed properties held for sale

Properties under development and completed properties held for sale in respect of property development activities are carried at the lower of cost and net realizable value. Cost and net realizable values are determined as follows:

— ***Property under development for sale***

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalized (see Note 1(x)). Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

— ***Completed property held for sale***

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Convertible loans

Convertible loans which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible loans is measured at fair value and presented as part of derivative financial instruments (see Note 1(g)). Any excess of proceeds over the amount initially recognized as the derivative component is recognized as the liability component. Transaction costs that relate to the issue of the convertible loans are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognized initially as part of the liability. The portion relating to the derivative component is recognized immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with Note 1(g). The liability component is subsequently carried at amortized cost, unless it is designated at fair value through profit or loss in accordance with Note 1(p)(ii).

If the loan is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the loan is redeemed, any difference between the amount paid and the carrying amounts of both components is recognized in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Loans and borrowings

The Group adopted two measurement methods on loans and borrowings.

(i) Loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(ii) Loans and borrowings are designated at fair value through profit or loss upon initial recognition when:

— the loans and borrowings are managed, evaluated and reported internally on a fair value basis;

— the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;

— the loans and borrowings contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; and

— the separation of the embedded derivatives from the financial instrument is not prohibited.

Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

(q) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with Note 1(u)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Cash and cash equivalents

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

(s) Employee benefits

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

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

Contributions to defined contributions retirement scheme as required under the relevant PRC laws and regulations are charged to profit or loss when incurred.

(ii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(t) Income tax

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 1(h), the amount of deferred tax recognized is measured using the tax rates that would apply on sales of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

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

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

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

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

  — the same taxable entity; or

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with Note 1(u)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with Note 1(u)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 1(u)(iii).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(iii) Other provisions and contingent liabilities

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

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

(v) Revenue recognition

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

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from sales of properties excludes business tax and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as sales deposits.

(ii) Revenue from land development for sale

Revenue from land development for sale is recognized upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which occurs upon the completion of related works as well as the sale of land.

(iii) Rental income from operating leases

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition (Continued)

(iv) Property management and hotel operation income

Property management and hotel operation income is recognized over the periods in which the services management are rendered. Property management and hotel operation income excludes business tax.

(v) Interest income

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

(vi) Dividends

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

(w) Translation of foreign currencies

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Borrowing costs

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

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

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Segment reporting

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

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

2 REVENUE

The principal activities of the Group are property and land development, property investment and property management and hotel operation. Revenue represents sale of properties, rental income from investment properties and property management and hotel operation income, net of business tax, analyzed as follows:

	2013 *RMB'000*	2012 *RMB'000*
Sale of properties	**5,526,302**	4,273,433
Rental income from investment properties	**77,107**	40,799
Property management and hotel operation income	**165,975**	140,378
	5,769,384	4,454,610

3 OTHER INCOME

	2013 *RMB'000*	2012 *RMB'000*
Penalty and compensation income	**20,257**	3,773
Others	**7,510**	3,342
	27,767	7,115

4 PROFIT BEFORE TAXATION

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

(a) Financial income and financial expenses

	Note	2013 RMB'000	2012 RMB'000
Financial income			
Interest income		**(39,001)**	(29,470)
Dividend income and disposal gains on available-for-sale investment		**(3,498)**	(3,081)
Net foreign exchange gain		**(1,968)**	—
		(44,467)	(32,551)
Financial expenses			
Interest on loans and borrowings wholly repayable within five years		**988,460**	682,803
Interest on other loans and borrowings		**21,426**	32,744
Total interest expense on loans and borrowings measured at amortized cost		**1,009,886**	715,547
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	(i)	**(859,175)**	(585,865)
		150,711	129,682
Net change in fair value of the loans from Riverside (Note 21(a))	(ii)	**53,721**	208,926
Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust (Note 21(b))		**22,285**	—
Bank charges and others		**6,161**	4,751
		232,878	343,359

4 PROFIT BEFORE TAXATION (Continued)

Notes:

(i) The borrowing costs were capitalized at a rate of 6.15% — 20.00% per annum (2012: 6.05% — 20.00%).

(ii) Net change in fair value of the loans for Riverside was comprised of fair value adjustment charged to profit or loss, de-recognition and credited to profit or loss and recognition and charged to profit or loss, disclosed as follows:

	2013 *RMB'000*	2012 *RMB'000*
Fair value adjustment charged to profit or loss	**97,986**	—
De-recognition and credited to profit or loss	**(672,583)**	(824,549)
Recognition and charged to profit or loss	**628,318**	1,033,475
	53,721	208,926

(b) Staff costs

	2013 *RMB'000*	2012 *RMB'000*
Contributions to defined contribution retirement plan	**25,752**	17,416
Salaries, wages and other benefits	**305,499**	239,633
	331,251	257,049

(c) Other items

	2013 *RMB'000*	2012 *RMB'000*
Depreciation	**40,181**	28,172
Auditors' remuneration		
— Audit services	**4,072**	1,379
— Tax services	**445**	261
Net loss on disposal of property and equipment	**290**	350
Operating lease charges in respect of properties	**20,538**	20,062
Rental receivable from investment properties less direct outgoing of RMB nil	**(77,107)**	(40,799)

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statements of profit or loss represents:

	Note	2013 RMB'000	2012 RMB'000
Provision for the year			
— PRC Corporate Income Tax		**258,699**	301,763
— Land Appreciation Tax		**110,468**	110,205
Deferred tax	15(b)	**115,051**	(42,084)
		484,218	369,884

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "BVI"), the Company and its subsidiaries incorporated in the Cayman Islands and the BVI, are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25%.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 5% to 7% based on types of properties.

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

	2013 RMB'000	2012 RMB'000
Profit before taxation	**1,115,060**	754,178
National tax at profit before taxation, calculated at the tax rate of 25%	**278,765**	188,545
Tax effect of Land Appreciation Tax deductible for PRC Corporate Income Tax	**(27,617)**	(27,551)
Tax effect of unused tax losses not recognized	**76,362**	17,838
Effect of differential tax rate on loss	**6,212**	4,840
Tax effect of share of profits less losses of associates	**(7,019)**	(5,765)
Tax effect of non-deductible expenses	**47,047**	81,772
Provision for Land Appreciation Tax	**110,468**	110,205
Actual tax expense	**484,218**	369,884

6 DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Year ended 31 December 2013				
Chairman:				
Mr. Yi Xiaodi	**1,467**	**1,612**	**41**	**3,120**
Executive director:				
Mr. Fan Xiaochong	**1,435**	**1,567**	**41**	**3,043**
Non-executive directors:				
Mrs. Fan Xiaohua	**590**	**141**	**—**	**731**
Mr. Gagnon Joseph Raymond	**—**	**—**	**—**	**—**
	3,492	**3,320**	**82**	**6,894**

	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Year ended 31 December 2012				
Chairman:				
Mr. Yi Xiaodi	1,186	892	24	2,102
Executive director:				
Mr. Fan Xiaochong	1,130	857	24	2,011
Non-executive directors:				
Mrs. Fan Xiaohua	1,016	—	—	1,016
Mr. Gagnon Joseph Raymond	—	—	—	—
	3,332	1,749	48	5,129

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2012: two) are directors whose emoluments are disclosed in Note 6. The aggregate of the emoluments in respect of the other three (2012: three) individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	**2,609**	3,375
Discretionary bonuses	**5,017**	2,730
Retirement scheme contributions	**79**	50
	7,705	6,155

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

	2013 RMB'000	2012 RMB'000
HKD2,000,001 to HKD2,500,000	**–**	2
HKD2,500,001 to HKD3,000,000	**2**	1
HKD3,500,001 to HKD4,000,000	**1**	–

8 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB128,709,000 (2012: RMB274,813,000) which has been dealt with in the financial statements of the Company.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB672,050,000 (2012: RMB300,909,000) and the weighted average of 1,386,715,012 ordinary shares (2012: 1,386,715,012 shares) after adjusting for the share split and capitalisation issue in 2014, calculated as follows:

	2013	2012
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**50,000**	50,000
Effect of share split (Note 33(b)(i))	**38,950,000**	38,950,000
Effect of capitalisation issue (Note 33(b)(iv))	**1,347,715,012**	1,347,715,012
Weighted average number of ordinary shares at 31 December	**1,386,715,012**	1,386,715,012

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding during the years ended 31 December 2013 and 2012.

10 SEGMENT REPORTING

The Group manages its businesses based on its products and services, which are divided into property development that comprises mixed-use business complexes projects and multi-functional residential communities, investment properties, and property management and hotel operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following four reportable segments:

(a) the mixed-use business complexes segment that develops and sells business complex products;

(b) the multi-functional residential communities segment that develops and sells residential properties and develops land;

(c) investment properties segment that leases offices, commercial premises and hotels; and

(d) the property management and hotel operation segment that provides property management service and hotel accommodation services.

No operating segments have been aggregated to form the above reportable segments.

10 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

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

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities with the exception of unallocated head office and corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment profit represents the profit after taxation generated by individual segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Management is provided with segment information concerning revenue, cost of sales, valuation gains on investment properties, net operating expenses, financial income, financial expenses, income tax, depreciation, additions on investment properties and property and equipment, and loans and borrowings.

10 SEGMENT REPORTING (Continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below:

	Year ended 31 December 2013				
	Mixed-use business complexes RMB'000	Multi-functional residential communities RMB'000	Investment properties RMB'000	Property management and hotel operation RMB'000	Total RMB'000
Reportable segment revenue	867,325	4,658,977	77,107	210,458	5,813,867
Cost of sales	(566,310)	(3,433,735)	–	(162,793)	(4,162,838)
Reportable segment gross profit	301,015	1,225,242	77,107	47,665	1,651,029
Valuation gains on investment properties	–	–	243,454	–	243,454
Net operating expenses	(72,081)	(405,617)	(32,710)	(64,883)	(575,291)
Financial income	11,100	11,062	8	125	22,295
Financial expenses	(39,309)	(31,767)	(960)	(19,588)	(91,624)
Reportable segment profit/(loss) before taxation	200,725	798,920	286,899	(36,681)	1,249,863
Income tax	(118,109)	(313,866)	(69,171)	(431)	(501,577)
Reportable segment profit/(loss)	82,616	485,054	217,728	(37,112)	748,286
Depreciation	2,013	7,758	387	29,561	39,719
Additions on investment properties and property and equipment	353	10,918	150,343	19,089	180,703

	At 31 December 2013				
	Mixed-use business complexes RMB'000	Multi-functional residential communities RMB'000	Investment properties RMB'000	Property management and hotel operation RMB'000	Total RMB'000
Loans and borrowings	3,246,718	6,024,038	37,999	–	9,308,755
Reportable segment assets	9,522,503	19,735,889	4,535,930	892,557	34,686,879
Reportable segment liabilities	10,246,021	16,878,657	388,221	552,962	28,065,861

10 SEGMENT REPORTING (Continued)

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

	Year ended 31 December 2012				
	Mixed-use business complexes *RMB'000*	Multi-functional residential communities *RMB'000*	Investment properties *RMB'000*	Property management and hotel operation *RMB'000*	Total *RMB'000*
Reportable segment revenue	934,534	3,338,899	40,799	180,942	4,495,174
Cost of sales	(547,901)	(2,370,222)	—	(162,236)	(3,080,359)
Reportable segment gross profit	386,633	968,677	40,799	18,706	1,414,815
Valuation gains on investment properties	—	—	139,329	—	139,329
Net operating expenses	(120,041)	(383,379)	(1,741)	(42,631)	(547,792)
Financial income	1,534	9,878	5	120	11,537
Financial expenses	(462)	(16,294)	(7)	(1,083)	(17,846)
Reportable segment profit/(loss) before taxation	267,664	578,882	178,385	(24,888)	1,000,043
Income tax	(33,373)	(279,083)	(62,479)	(1,394)	(376,329)
Reportable segment profit/(loss)	234,291	299,799	115,906	(26,282)	623,714
Depreciation	1,273	8,522	438	15,821	26,054
Additions on investment properties and property and equipment	415	7,359	141,566	24,064	173,404

	At 31 December 2012				
	Mixed-use business complexes *RMB'000*	Multi-functional residential communities *RMB'000*	Investment properties *RMB'000*	Property management and hotel operation *RMB'000*	Total *RMB'000*
Loans and borrowings	339,585	6,452,568	—	—	6,792,153
Reportable segment assets	5,772,858	14,885,293	3,627,625	515,841	24,801,617
Reportable segment liabilities	5,576,217	12,673,440	401,141	380,864	19,031,662

10 SEGMENT REPORTING (Continued)

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

	2013 RMB'000	2012 RMB'000
Revenue		
Reportable segment revenue	**5,813,867**	4,495,174
Elimination of intra-group revenue	**(44,483)**	(40,564)
Consolidated revenue	**5,769,384**	4,454,610
Profit		
Reportable segment profit	**748,286**	623,714
Elimination of intra-group profit	**(29,608)**	(13,591)
Unallocated head office and corporate expenses	**(87,836)**	(225,829)
Consolidated profit	**630,842**	384,294
Loans and borrowings		
Reportable segment loans and borrowings	**9,308,755**	6,792,153
Unallocated head office and corporate loans and borrowings	**4,493,282**	3,402,299
Consolidated loans and borrowings	**13,802,037**	10,194,452
Assets		
Reportable segment assets	**34,686,879**	24,801,617
Elimination of intra-group balances	**(15,342,383)**	(9,643,086)
Unallocated head office and corporate assets	**8,558,250**	7,351,421
Consolidated total assets	**27,902,746**	22,509,952
Liabilities		
Reportable segment liabilities	**28,065,861**	19,031,662
Elimination of intra-group balances	**(15,239,988)**	(6,815,276)
Unallocated head office and corporate liabilities	**12,325,480**	8,453,405
Consolidated total liabilities	**25,151,353**	20,669,791

(c) Geographical information

All of the Group's operations are located in the PRC, therefore no geographical segment reporting is presented.

11 PROPERTY AND EQUIPMENT — THE GROUP

	Construction in progress RMB'000	Hotel properties RMB'000	Office premises RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2012	—	355,511	91,384	34,202	47,874	528,971
Additions	—	22,555	3,961	2,982	4,892	34,390
Disposals	—	—	—	(2,730)	(2,227)	(4,957)
At 31 December 2012	—	378,066	95,345	34,454	50,539	558,404
At 1 January 2013	**—**	**378,066**	**95,345**	**34,454**	**50,539**	**558,404**
Transfer from properties under development and completed properties held for sale	**10,016**	**—**	**—**	**—**	**—**	**10,016**
Acquisition of a subsidiary (Note 29)	**—**	**240,651**	**53,578**	**1,497**	**4,169**	**299,895**
Additions	**4,568**	**17,790**	**2,925**	**2,640**	**5,652**	**33,575**
Transfer from construction in progress	**(14,584)**	**—**	**14,584**	**—**	**—**	**—**
Disposals	**—**	**—**	**(1,948)**	**(814)**	**(2,678)**	**(5,440)**
At 31 December 2013	**—**	**636,507**	**164,484**	**37,777**	**57,682**	**896,450**
Accumulated depreciation:						
At 1 January 2012	—	4,447	24,991	17,134	24,788	71,360
Charge for the year	—	13,977	2,175	4,114	7,906	28,172
Written back on disposals	—	—	—	(1,919)	(1,520)	(3,439)
At 31 December 2012	—	18,424	27,166	19,329	31,174	96,093
At 1 January 2013	**—**	**18,424**	**27,166**	**19,329**	**31,174**	**96,093**
Charge for the year	**—**	**21,815**	**5,490**	**4,937**	**7,939**	**40,181**
Written back on disposals	**—**	**—**	**(265)**	**(599)**	**(2,305)**	**(3,169)**
At 31 December 2013	**—**	**40,239**	**32,391**	**23,667**	**36,808**	**133,105**
Net book value:						
At 31 December 2012	—	359,642	68,179	15,125	19,365	462,311
At 31 December 2013	**—**	**596,268**	**132,093**	**14,110**	**20,874**	**763,345**

11 PROPERTY AND EQUIPMENT — THE GROUP (Continued)

(a) The analysis of net book value of properties

The net book values of hotel properties and office premises in aggregate of RMB728,361,000 as at 31 December 2013 (2012: 427,821,000), were under medium-term leases in the PRC.

(b) Certain portion of the Group's construction in progress and hotel properties were pledged against the loans and borrowings, details are set out on Note 21(g).

(c) As at 31 December 2013, the Group had not obtained ownership certificates for certain office premises and hotel properties with aggregate carrying value of RMB82,334,000 (2012: RMB39,237,000). The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

12 INVESTMENT PROPERTIES — THE GROUP

	Properties under construction	Completed properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2012	416,800	2,771,459	3,188,259
Additions	141,180	—	141,180
Transfer to completed properties	(272,062)	272,062	—
Valuation gains on investment properties for the year	24,898	114,431	139,329
At 31 December 2012	310,816	3,157,952	3,468,768
At 1 January 2013	**310,816**	**3,157,952**	**3,468,768**
Additions	**63,337**	**85,693**	**149,030**
Acquisition of a subsidiary (Note 29)	**—**	**531,320**	**531,320**
Transfer to completed properties	**(318,622)**	**318,622**	**—**
Valuation gains on investment properties for the year	**68,869**	**174,585**	**243,454**
At 31 December 2013	**124,400**	**4,268,172**	**4,392,572**

12 INVESTMENT PROPERTIES — THE GROUP (Continued)

(a) Fair value measurement of properties

(i) Fair value hierarchy

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

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

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

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

	Fair value at 31 December 2013	Fair value measurements as at 31 December 2013 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Investment properties:				
— Commercial-Mainland China	**4,392,572**	**—**	**—**	**4,392,572**

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

12 INVESTMENT PROPERTIES — THE GROUP (Continued)

(a) Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

All of the Group's completed investment properties and investment properties under construction were revalued as at 31 December 2013. The valuations were carried out by CB Richard Ellis Ltd. ("CBRE"), a firm of independent qualified valuers in Hong Kong with recent experience in the location and category of properties being valued. The Group's finance manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Completed investment properties	Direct comparison approach, and	Market unit sale price (RMB/sq.m.)	6,340–63,830	26,569
	Income capitalization approach	Capitalisation rate	2.33%–14.18%	4.56%
		Market monthly rent rate (RMB/sq.m.)	15–430	126
Investment properties under construction	Direct comparison approach	Market unit sale price (RMB/sq.m.)	9,000–18,000	16,268

The fair values of completed investment properties is determined using an open market value basis with reference to comparable sales transactions as identified in the relevant markets, and where, appropriate, taking into account the fair market valuations using the income capitalization approach. The fair value measurement is positively correlated to the market monthly rent rate, market unit sale price, and negatively correlated to the capitalization rate.

The investment properties under construction have been valued on the basis that the properties will be constructed and completed in accordance with the relevant development plans. The valuation were performed by CBRE by using the direct comparison approach which is commonly used in valuating development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deductions on construction costs, professional fees and interest payments to be incurred as at the valuation date as well as developer's profits. The fair value measurement is positively correlated to the market unit sale price.

12 INVESTMENT PROPERTIES — THE GROUP (Continued)

(a) Fair value measurement of properties (Continued)

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

The gain/(loss) on disposal of investment properties and changes in fair value of investment properties are presented in "other income" and "valuation gains on investment properties" in the consolidated statements of comprehensive income, respectively.

(b) The investment properties were under medium-term leases in the PRC.

(c) Certain investment properties of the Group were pledged against the loans and borrowings, details are set out in Note 21(g).

(d) As at 31 December 2013, the Group had not obtained ownership certificates for certain completed investment properties with aggregate carrying value of RMB370,844,000 (2012: RMB784,108,000). The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

(e) Completed investment properties with carrying value of RMB81,130,000 of the Group, as at 31 December 2013 (2012: RMB77,303,000), were pledged with bank to secure banking facilities of a related party, details are set out in Note 28(d).

Completed investment properties with carrying value of RMB63,611,000 of the Group, as at 31 December 2013 (2012: RMB60,263,000), were pledged with banks to secure banking facilities of a third party of the Group. The pledge period ranged 3 years.

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY

	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	**55,276**	55,276

As at 31 December 2013, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies and the Company has the power to govern, particulars of which are set out below:

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Indirect	Principal activities
1	Sunmode Limited ("Sunmode") 新進有限公司	the BVI 18 January 2007	USD50,000	100%	–	Investment holding
2	Guangxi Vantone Real Estate Co., Ltd. ("Guangxi Vantone") 廣西萬通房地產有限公司**	Guangxi Province, the PRC 2 March 1994	RMB192,525,900	–	100%	Property development
3	Sunshine 100 Real Estate Group Co., Ltd. ("Sunshine 100 Group") 陽光壹佰置業集團有限公司*	Beijing, the PRC 19 April 2001	RMB80,000,000	–	100%	Investment holding
4	Beijing Century Chengjing Investment Co., Ltd. ("Beijing Century") 北京世紀程景投資有限公司*	Beijing, the PRC 19 February 2008	RMB10,000,000	–	100%	Investment holding
5	Beijing Sunshine 100 Assets Operation Co., Ltd. ("Beijing Asset Operation") 北京陽光壹佰資產經營有限公司*	Beijing, the PRC 25 July 2008	RMB10,000,000	–	100%	Investment holding

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
6	Beijing Sunshine 100 Property Services Co., Ltd. ("Beijing Sunshine 100 Property Services") 北京陽光壹佰物業服務有限公司*	Beijing, the PRC 24 June 2003	RMB3,000,000	–	100%	Property management
7	Beijing Sunshine Star International Management Consulting Co., Ltd. ("Beijing Sunshine Star") 北京陽光之星國際管理諮詢有限公司*	Beijing, the PRC 12 December 2005	RMB1,000,000	–	100%	Investment holding
8	Beijing Yibang Real Estate Development Co., Ltd. ("Beijing Yibang") 北京益邦房地產開發有限公司*	Beijing, the PRC 23 January 2002	RMB50,000,000	–	100%	Dormant
9	Chongqing Sunshine 100 Property Services Co., Ltd. ("Chongqing Sunshine 100 Property Services") 重慶陽光壹佰物業服務有限公司*	Chongqing, the PRC 25 March 2004	RMB6,000,000	–	100%	Property management
10	Chongqing Yuneng 100 Real Estate Development Co., Ltd. ("Chongqing Yuneng 100") 重慶渝能壹佰房地產開發有限公司*	Chongqing, the PRC 28 January 2000	RMB100,000,000	–	100%	Property development Notes (ii), (vi), (x)
11	Luen Thai (Qing Yuan) Real Estate Co., Ltd. ("Luen Thai (Qing Yuan)") 聯泰(清遠)房地產有限公司*	Guangdong Province, the PRC 15 January 2004	HKD53,500,000	–	55%	Property development
12	Gold Leader (Qing Yuan) Properties Limited ("Gold Leader (Qing Yuan)") 金倫(清遠)置業有限公司*	Guangdong Province, the PRC 23 September 2008	HKD25,200,000/ HKD168,000,000	–	55%	Property development

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
13	Qing Yuan Delun Properties Limited ("Qing Yuan Delun") 清遠德倫置業有限公司*	Guangdong Province, the PRC 23 September 2008	HKD23,999,950/ HKD160,000,000	–	55%	Property development
14	Qing Yuan Liantou Properties Limited ("Qing Yuan Liantou Properties") 清遠聯投置業有限公司*	Guangdong Province, the PRC 23 September 2008	HKD135,999,950	–	55%	Property development
15	Qingyuan Weitai Properties Ltd. ("Qingyuan Weitai") 清遠威泰置業有限公司*	Guangdong Province, the PRC 23 September 2008	HKD19,199,950/ HKD128,000,000	–	55%	Property development
16	Rich Hope (QY) Properties Ltd. ("Rich Hope (QY)") 威康(清遠)置業有限公司*	Guangdong Province, the PRC 23 September 2008	HKD33,050,000/ HKD227,000,000	–	55%	Property development
17	Guangxi Sunshine 100 Asset Management Co., Ltd. ("Guangxi Sunshine 100") 廣西陽光壹佰資產管理有限公司*	Guangxi Zhuang Autonomous Region, the PRC 25 January 2011	RMB2,000,000	–	100%	Investment holding
18	Guilin Pingle Sunshine 100 Real Estate Investment Co., Ltd. ("Guilin Pingle Sunshine 100") 桂林平樂陽光壹佰置業有限公司*	Guangxi Zhuang Autonomous Region, the PRC 5 May 2010	RMB10,000,000/ RMB50,000,000	–	75%	Property and land development
19	Guilin Pingle Sunshine 100 Nonglinye Co., Ltd. ("Guilin Nonglinye") 桂林平樂陽光壹佰農林業有限公司*	Guangxi Zhuang Autonomous Region, the PRC 18 July 2011	RMB4,500,000	–	100%	Landscaping service

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
20	Guangxi Lijin Hotel Management Co., Ltd. ("Guangxi Lijin") 廣西儷錦酒店投資管理有限公司*	Guangxi Zhuang Autonomous Region, the PRC 1 December 2011	RMB50,000,000	–	75%	Hotel management
21	Liuzhou Hedingshun Commercial Investment Co., Ltd. ("Liuzhou Hedingshun") 柳州和鼎順商業投資有限公司*	Guangxi Zhuang Autonomous Region, the PRC 10 December 2012	RMB5,000,000	–	75%	Property investment
22	Liuzhou Lisheng Hotel Management Co., Ltd. ("Liuzhou Lisheng") 柳州麗笙酒店有限公司*	Guangxi Zhuang Autonomous Region, the PRC 19 August 2011	RMB2,000,000	–	75%	Hotel management
23	Liuzhou Sunshine 100 Real Estate Co., Ltd. ("Liuzhou Sunshine 100") 柳州陽光壹佰置業有限公司*	Guangxi Zhuang Autonomous Region, the PRC 7 July 2006	RMB50,000,000	–	75%	Property development Note (xii)
24	Liuzhou Yuandingchang Commercial Investment Co., Ltd. ("Liuzhou Yuandingchang") 柳州元鼎昌商業投資有限公司*	Guangxi Zhuang Autonomous Region, the PRC 10 December 2012	RMB1,500,000/ RMB500,000	–	75%	Property investment
25	Nanning Sunshine 100 Real Estate Co., Ltd. ("Nanning Sunshine 100") 南寧陽光壹佰置業有限公司*	Guangxi Zhuang Autonomous Region, the PRC 23 March 2006	RMB50,000,000	–	51%	Investment holding

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Indirect	Principal activities
26	Nanning Zhuangye Real Estate Development Co., Ltd. ("Nanning Zhuangye") 南寧壯業房地產開發有限責任公司*	Guangxi Zhuang Autonomous Region, the PRC 11 May 2006	RMB20,000,000	—	26%	Property development Notes (iii), (xii)
27	Hubei Sunshine 100 Real Estate Development Co., Ltd. ("Hubei Sunshine 100") 湖北陽光一百房地產開發有限公司*	Hubei Province, the PRC 12 April 2009	RMB351,500,000	—	100%	Property development Notes (v), (x)
28	Wuhan Sunshine 100 Real Estate Co., Ltd. ("Wuhan Sunshine 100") 武漢陽光壹佰置業有限公司*	Hubei Province, the PRC 31 January 2005	RMB50,000,000	—	100%	Property development Note (ii)
29	Hunan Hui Jin Decoration and Resign Co., Ltd. ("Hunan Hui Jin") 湖南滙金裝飾設計工程有限公司*	Hunan Province, the PRC 2 May 2012	RMB3,000,000	—	100%	Decoration and design project
30	Hunan Sunshine 100 Property Services Co., Ltd. ("Hunan Sunshine 100 Property Services") 湖南陽光壹佰物業服務有限責任公司*	Hunan Province, the PRC 31 May 2004	RMB5,000,000	—	100%	Property management
31	Sunshine 100 Real Estate (Hunan) Development Co., Ltd. ("Hunan Sunshine 100") 陽光壹佰(湖南)置業發展有限責任公司*	Hunan Province, the PRC 23 April 2003	RMB105,880,000	—	100%	Property development Notes (ii), (x)

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
32	Wuxi Liaohongtian Construction and Decoration Co., Ltd ("Wuxi Liaohongtian") 無錫遼紅天建築裝飾工程有限公司*	Jiangsu Province the PRC 20 July 2010	RMB10,000,000	–	100%	Construction and decoration project
33	Wuxi Suyuan Real Estate Co., Ltd. ("Wuxi Suyuan") 無錫蘇源置業有限公司*	Jiangsu Province, the PRC 28 February 2003	RMB100,000,000	–	100%	Property development Note (x)
34	Wuxi Wanyi Nonglin Co., Ltd. ("Wuxi Nonglin") 無錫萬怡農林有限公司*	Jiangsu Province, the PRC 31 July 2009	RMB3,000,000	–	100%	Landscaping service
35	Liaoning Yingda Weihua Real Estate Development Co., Ltd. ("Yingda Weihua") 遼寧鷹達衛華房地產開發有限公司*	Liaoning Province, the PRC 15 September 2006	RMB150,000,000	–	51%	Property development Note (x)
36	Shenyang Sunshine 100 Assets Operation Co., Ltd. ("Shenyang Assets Operation") 瀋陽陽光壹佰資產經營有限公司*	Liaoning Province, the PRC 5 March 2012	RMB1,000,000	–	100%	Property management
37	Sunshine 100 Real Estate (Liaoning) Co., Ltd. ("Liaoning Sunshine 100") 陽光一百置業(遼寧)有限公司*	Liaoning Province, the PRC 25 June 2004	USD49,000,000	–	100%	Property development Note (iv)
38	Dongying Shengxing Real Estate Co.,Ltd. ("Dongying Shengxing") 東營勝興置業有限公司*	Shandong Province, the PRC 1 July 2005	RMB80,000,000	–	100%	Property development Note (ii)

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
39	Dongying Wanyi Commerce and Trade Co., Ltd. ("Dongying Wanyi") 東營萬怡商貿有限責任公司*	Shandong Province, the PRC 24 March 2009	RMB20,000,000	–	100%	Retail
40	Weifang Sunshine 100 Real Estate Co., Ltd. ("Weifang Sunshine 100") 濰坊陽光壹佰置業有限公司*	Shandong Province, The PRC 23 April 2010	RMB200,000,000	–	100%	Property and land development Notes (viii), (x)
41	Yantai Yindu Real Estate Co., Ltd. ("Yantai Yindu") 煙臺銀都置業有限公司*	Shandong Province, the PRC 26 May 2004	RMB15,000,000	–	100%	Property development
42	Yantai Sunshine 100 Commercial Development Co., Ltd. ("Yantai Commercial Development") 煙臺陽光壹佰商業發展有限公司*	Shandong Province, the PRC 31 December 2008	RMB5,000,000	–	100%	Property investment
43	Yantai Sunshine 100 Property Management Services Co., Ltd. ("Yantai Sunshine 100 Property Management Services") 煙臺陽光壹佰物業管理服務有限公司*	Shandong Province, the PRC 30 October 2007	RMB5,000,000	–	100%	Property management
44	Yantai Sunshine 100 Real Estate Development Co., Ltd. ("Yantai Sunshine 100") 煙臺陽光壹佰房地產開發有限公司*	Shandong Province, the PRC 13 June 2005	RMB50,000,000	–	100%	Property development Notes (vii), (x)
45	Yantai Sunshine Star Shopping Center Management Co., Ltd. ("Yantai Sunshine Star Shopping") 煙臺陽光之星購物中心管理有限公司*	Shandong Province, the PRC 23 July 2008	RMB10,000,000	–	100%	Dormant

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
46	Chengdu Xin Sheng Yuan Real Estate Development Co., Ltd. ("Chengdu Xin Sheng Yuan") 成都鑫勝源房地產開發有限公司*	Sichuan Province, the PRC 20 April 2007	RMB20,000,000	—	100%	Property development
47	Sunshine 100 Real Estate (Chengdu) Co., Ltd. ("Chengdu Sunshine 100") 陽光壹佰置業(成都)有限公司*	Sichuan Province, the PRC 13 July 2005	RMB200,000,000	—	100%	Property and land development Notes (ix), (x)
48	Tianjin Lande 100 Real Estate Investment Co., Ltd. ("Tianjin Lande") 天津蘭德壹佰房地產投資有限公司*	Tianjin, the PRC 19 March 2008	RMB20,000,000/ RMB100,000,000	—	51%	Investment holding
49	Tianjin Mart Time Commercial Investment Management Co., Ltd. ("Tianjin Mart Time") 天津瑪特時光商業投資管理有限公司*	Tianjin, the PRC 18 May 2012	RMB10,000,000	—	86%	Property investment
50	Tianjin Meidinghui Commercial Investment Management Co., Ltd. ("Tianjin Meidinghui") 天津美鼎惠商業投資管理有限公司*	Tianjin, the PRC 18 May 2012	RMB12,000,000	—	86%	Property investment
51	Tianjin Sentai 100 Real Estate Investment Co., Ltd. ("Tianjin Sentai 100") 天津森泰壹佰置業投資有限公司*	Tianjin, the PRC 10 May 2010	RMB70,000,000/ RMB100,000,000	—	52%	Property development

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
52	Tianjin Sunshine 100 Property Services Co., Ltd. ("Tianjin Sunshine 100 Property Services") 天津陽光壹佰物業服務有限公司*	Tianjin, the PRC 19 June 2003	RMB6,000,000	—	100%	Property management
53	Tianjin Sunshine 100 Real Estate Development Co., Ltd. ("Tianjin Sunshine 100") 天津陽光壹佰房地產開發有限公司*	Tianjin, the PRC 14 June 2002	RMB78,000,000	—	86%	Property development
54	Tianjin Wanyi Real Estate Asset Operation Co., Ltd. ("Tianjin Real Estate Operation") 天津萬怡房地產經營有限公司*	Tianjin, the PRC 8 July 2004	RMB500,000	—	100%	Agency service for property sales
55	Hangzhou Hengxin 100 Industrial Co., Ltd. ("Hangzhou Hengxin 100") 杭州恒信壹佰實業有限公司*	Zhejiang Province, the PRC 7 November 2007	RMB170,000,000	—	100%	Investment holding
56	Chang Jia International Limited ("Chang Jia") 長佳國際有限公司	the BVI 5 May 2011	USD1	—	55%	Investment holding Note (xii)
57	Eminent Star Group Limited ("Eminent Star") 卓星集團有限公司	the BVI 11 April 2011	USD1	—	55%	Investment holding
58	Lofty Talent Limited ("Lofty Talent") 崴駿有限公司	the BVI 18 April 2011	USD1	—	55%	Investment holding
59	Keyasia Investment Limited ("Keyasia") 基亞投資有限公司	the BVI 8 July 2008	USD100	—	100%	Investment holding

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
60	East Talent Properties Limited ("East Talent") 東泰置業有限公司	Hong Kong, Special Administrative Region ("SAR") 14 December 2007	HKD10,000	–	55%	Investment holding
61	Gold Leader Properties Limited ("Gold Leader") 金倫置業有限公司	Hong Kong, SAR 14 December 2007	HKD10,000	–	55%	Investment holding
62	Rich Hope Properties Limited ("Rich Hope") 威康置業有限公司	Hong Kong, SAR 14 December 2007	HKD10,000	–	55%	Investment holding
63	Top Leader Properties Limited ("Top Leader") 德龍置業有限公司	Hong Kong, SAR 14 December 2007	HKD10,000	–	55%	Investment holding
64	Victory Land Properties Limited ("Victory Land") 凱龍置業有限公司	Hong Kong, SAR 1 November 2007	HKD1/HKD10,000	–	55%	Investment holding
65	Victory Link Properties Limited ("Victory Link") 偉隆置業有限公司	Hong Kong, SAR 14 December 2007	HKD10,000	–	55%	Investment holding
66	Jinan sunshine 100 Real Estate Development Co., Ltd. ("Jinan Sunshine 100") 濟南陽光壹佰房地產開發有限公司*	Shandong Province The PRC 20 September 2011	RMB20,000,000	–	49%	Property development Notes (xi), (xii)

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

	Name of company (Note (i))	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Attributable equity interest Direct	Indirect	Principal activities
67	Chengdu Shent Teng Xiang Construction and Decoration Co., Ltd. 成都盛騰翔建築裝飾有限公司*	Sichuan Province The PRC 26 July 2013	RMB2,000,000	—	100%	Decoration and design project
68	Jinan Wanyi Properties Management Co., Ltd. 濟南萬怡物業服務有限公司*	Shandong Province The PRC 14 November 2002	RMB6,000,000	—	100%	Properties management
69	Guilin Pingle Sunshine 100 Travel Co., Ltd. 桂林平樂陽光壹佰旅遊有限公司*	Guangxi Province Co., Ltd. 18 July 2013	RMB30,000,000	—	100%	Tourism

* The Company is registered as a limited liability company in the PRC.

** The Company is registered as a sino-foreign equity joint venture enterprise in the PRC.

Notes:

(i) Except for the subsidiaries incorporated in the BVI and Hong Kong, the English translation of the names is for reference only and the official names of these entities are in Chinese.

(ii) The Group entered into share transfer agreements with part or all of the third party equity shareholders of those entities to acquire part or all of equity interests held by those equity shareholders. The considerations were fixed when entering into share transfer agreements. In accordance with the share transfer agreements, those equity shareholders no longer own the right to share the profit or loss of those entities from the effective dates of the share transfer agreements despite legal procedures for transfer were yet to be completed. From the effective dates of the share transfer agreements, the equity interests acquired from those equity shareholders have been treated as the Group's equity interests.

(iii) Nanning Zhuangye was 51% owned by Nanning Sunshine 100, which was 51% owned by the Group. Accordingly, the Group controlled Nanning Zhuangye through controlling Nanning Sunshine 100 although the Group only owned 26% equity interest in Nanning Zhuangye indirectly.

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(iv) The Company was established by Joywise Holdings Limited ("Joywise"), which is ultimately held by 8 individuals namely Mr. Yi Xiaodi (50%), Mr. Fan Xiaochong (15%), Ms. Fan Xiaohua (10%), Mr. Jin Xiangfei (8.5%), Mr. Liao Chimei (6%), Mr. Tian Feng (4.5%), Mr. Li Mingqiang (3%) and Ms. Liu Chaohui (3%) (collectively referred to as the "8 individuals"). The 8 individuals, Sunshine 100 Group and Riverside Investment Limited ("Riverside"), a Warburg Pincus affiliate, entered into an investment agreement (the "Original Investment Agreement") and an equity transfer agreement (the "Equity Transfer Agreement") on 19 December 2006. The 8 individuals, Sunshine 100 Group and Riverside further entered into four supplementary agreements during the years ended 31 December 2007 and 2008 (hereinafter collectively referred to as the "Original Liaoning Sunshine 100 Investment Agreements"). Based on the Original Liaoning Sunshine 100 Investment Agreements and the Equity Transfer Agreement, Riverside acquired 75% shareholding in Liaoning Sunshine 100 from Sunshine 100 Group which was convertible into convertible preference shares of the Company and certain warrants on the Company's shares, together with a put option to put back the 75% shareholding in Liaoning Sunshine 100 granted to Sunshine 100% Group. Moreover, there was a call option on the Riverside's 75% shareholding in Liaoning Sunshine 100 granted to Sunshine 100 Group. The Original Liaoning Sunshine 100 Investment Agreements were subsequent modified by a revised investment agreement and other execution agreements entered into by the 8 individuals, the Company, Sunshine 100 Group, Riverside and other indirectly related companies (collectively referred to as the "Riverside Group") on 31 December 2010 (hereinafter collectively referred to as the "Revised Liaoning Sunshine 100 Investment Agreements"). A further revised investment agreement and other execution agreements (hereinafter collectively referred to as the "Further Revised Liaoning Sunshine 100 Investment Agreements") to modify the Revised Liaoning Sunshine 100 Investment Agreements were agreed in October 2012, which was subsequently entered into on 16 January 2013, by the 8 individuals, the Company, Sunshine 100 Group, Riverside Group. The 75% equity interests of Liaoning Sunshine 100 will be transferred to the Group in tranches upon progressive settlements of loans from Riverside Group pursuant to the Further Revised Liaoning Sunshine 100 Investment Agreements. The third revised investment agreements (collectively referred to as the "Third Revised Liaoning Sunshine 100 Investment Agreements") to modify the Further Revised Liaoning Sunshine 100 Investment Agreements were agreed in June 2013, which was subsequently entered into on 11 July 2013, by the 8 individuals, the Company, Sunshine 100 Group, Riverside Group.

The details of Original Liaoning Sunshine 100 Investment Agreements, Revised Liaoning Sunshine 100 Investment Agreements, Further Revised Liaoning Sunshine 100 Investment Agreements and Third Revised Liaoning Sunshine 100 Investment Agreements were disclosed in Note 21(a).

Based on the facts and circumstances above, the whole arrangement is in substance a secured financing from Riverside Group and the 75% shareholding in Liaoning Sunshine 100 is in substance a security for such financing. The Group maintained control over Liaoning Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the year.

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(v) In April 2011, Sunshine 100 Group, Chengdu Sunshine 100 and Hubei Sunshine 100 entered into a cooperation development agreement, an equity transfer agreement, a capital injection agreement and an equity repurchase agreement with Sichuan Trust Co., Ltd. ("Sichuan Trust") (collectively referred to as the "Sichuan Trust Agreements on Hubei Project"). Based on the Sichuan Trust Agreements on Hubei Project, Sichuan Trust acquired 18% equity interest of Hubei Sunshine 100 from Chengdu Sunshine 100 at a consideration of RMB40,000,000, and subsequently injected paid-in capital and capital reserve of RMB132,000,000 and RMB112,600,000, respectively in April 2011. After the capital injection, Sunshine 100 Group and Sichuan Trust held 51% and 49% equity interest in Hubei Sunshine 100, respectively. Pursuant to the Sichuan Trust Agreements on Hubei Project, Sunshine 100 Group will repurchase the 49% equity interest in Hubei Sunshine 100 from Sichuan Trust at a consideration of RMB369,620,000 in 2013. In October 2012, Sunshine 100 Group and Hubei Sunshine 100 entered into a cooperation agreement with Tianjin Nongken Hongyilian Investment Co., Ltd. ("Tianjin Nongken Hongyilian"), based on which Tianjin Nongken Hongyilian granted loans of RMB500 million bearing interest at 12% per annum and acquired 8.85% equity interest of Hubei Sunshine 100 from Sunshine 100 Group by way of an additional capital injection of RMB100 million. Sunshine 100 Group will repurchase the 8.85% equity interest in Hubei Sunshine 100 from Tianjin Nongken Hongyilian at RMB100 million upon the loan from Tianjin Nongken Hongyilian is repaid in 2018. In June 2013, Sunshine 100 Group repurchased 49% equity interest in Hubei Sunshine 100 from Sichuan Trust. As at 31 December 2013, Sunshine 100 Group and Tianjin Nongken Hongyilian held 91.15% and 8.85% equity interest of Hubei Sunshine 100, respectively. Tianjin Nongken Hongyilian only owned the right to obtain interest income based on a fixed rate generated from the financing provided to the Group. Accordingly, the cash consideration and capital injected were in substance a secured financing arrangement and have been recognized as financial liability in the consolidated financial statements as loan granted to the Group rather than equity interest in Hubei Sunshine 100. The Group maintained control over Hubei Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the year.

(vi) In November 2012, Sunshine 100 Group, Liaoning Sunshine 100 and Chongqing Yuneng 100 entered into a cooperation agreement, an equity transfer agreement and a finance consulting agreement with Zhongrong International Trust Co., Ltd. ("Zhongrong International Trust") (collectively referred to as the "Chongqing Trust Agreements"). Based on the Chongqing Trust Agreements, in February 2013, Zhongrong International Trust established a trust to provide financing of RMB400,000,000 to the Group (the "Zhongrong International Trust") in form of acquisition of the 72% shareholding in Chongqing Yuneng 100 from Sunshine 100 Group at a consideration of RMB400,000,000. Pursuant to the Chongqing Trust Agreements, Sunshine 100 Group would repurchase the 72% shareholding in Chongqing Yuneng 100 from Zhongrong International Trust on 31 January 2015, the maturity date of Zhongrong International Trust. Zhongrong International Trust agreed to vote together with Sunshine 100 Group at Chongqing Yuneng 100's shareholders' meeting and the board of directors meeting, allowing Sunshine 100 Group the power to direct the relevant activities of Chongqing Yuneng 100. Based on the facts and circumstances, the whole arrangement is in substance a secured financing from Zhongrong International Trust and the 72% shareholding in Chongqing Yuneng 100 is in substance a security for such financing. Accordingly, the cash consideration of RMB400,000,000 have been recognized as financial liability in the consolidated financial statements as loan granted to the Group rather than equity interest in Chongqing Yuneng 100. The Group maintained control over Chongqing Yuneng 100 and treated it as a wholly-owned subsidiary of the Group.

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(vii) In March 2013, Sunshine 100 Group, Beijing Sunshine Star and Yantai Sunshine 100 entered into an investment cooperation agreement, an equity transfer agreement and an equity repurchase agreement with Hangzhou Industrial and Commercial Trust Co., Ltd. ("Hangzhou Industrial and Commerce Trust") (hereinafter collectively referred to as the "Cooperation Agreement II"). In accordance with the Cooperation Agreement II, Hangzhou Industrial and Commerce Trust established a trust (the "Trust II") to raise financing of RMB400,000,000 for the Group (the "Yantai loans from Hangzhou Industrial and Commerce Trust"), details of which were disclosed in Note 21(b).

Based on the facts and circumstances of the Cooperation Agreement II, the whole arrangement is in substance a secured financing from Hangzhou Industrial and Commerce Trust and the 30% shareholding in Yantai Sunshine 100 is in substance a security for such financing. The Group maintained control over Yantai Sunshine 100 and treated it as a wholly-owned subsidiary of the Group.

(viii) In March 2013, Sunshine 100 Group, Dongying Shengxing and Weifang Sunshine 100 entered into an investment cooperation agreement, an equity transfer agreement and an equity repurchase agreement with Hangzhou Industrial and Commerce Trust (hereinafter collectively referred to as the "Cooperation Agreement III"). In accordance with the Hangzhou Industrial and Commerce Trust Cooperation Agreement III, Hangzhou Industrial and Commerce Trust established a trust (the "Trust III") to raise financing of RMB300,000,000 for the Group. The total financing of RMB300,000,000 was comprised of a loan of RMB240,000,000 provided to the Group with a fixed interest rate and a cash consideration of RMB60,000,000 on transfer of the 30% shareholding in Weifang Sunshine 100 from the Group to Hangzhou Industrial and Commerce Trust.

Sunshine 100 Group has right to purchase back the 30% shareholding in Weifang Sunshine 100 at a fixed annual rate of return and if Sunshine 100 Group didn't exercise the right, Hangzhou Industrial and Commerce Trust would put back the 30% shareholding in Weifang Sunshine 100 to the Group. In June 2013, Sunshine 100 Group exercised the right and the consideration had not been settled as at 31 December 2013.

Based on the facts and circumstances of the Cooperation Agreement III, the whole arrangement is in substance a secured financing from Hangzhou Industrial and Commerce Trust and the 30% shareholding in Weifang Sunshine 100 is in substance a security for such financing. The Group maintained control over Weifang Sunshine 100 and treated it as a wholly-owned subsidiary of the Group.

(ix) In September 2013, Sunshine 100 Group, Beijing Century and Chengdu Sunshine 100 entered into a cooperation agreement, an equity transfer agreement and an equity repurchase agreement with China Foreign Economy and Trade Trust Co., Ltd. ("FOTIC") (collectively referred to as the "FOTIC Agreements"). In accordance with FOTIC Agreements, in October 2013, FOTIC established a trust to raise financing of RMB550,000,000 to purchase 39% shareholding and 10% shareholding in Chengdu Sunshine 100 from Sunshine 100 Group and Beijing Century, respectively. Sunshine 100 Group has a call option which will be exercisable from October 2014 to October 2015, the maturity date of the trust, to repurchase 49% shareholding in Chengdu Sunshine 100 at a fixed annual rate of return. FOTIC only owned the right to obtain interest income based on a fixed rate generated from the financing provided to the Group.

Based on the facts and circumstances of the FOTIC Agreements, the whole agreement is in substance a secured financing from FOTIC and the 49% shareholding in Chengdu Sunshine 100 is in substance a securing for such financing. The Group maintained control over Chengdu Sunshine 100 and treated it as a wholly-owned subsidiary of the Group.

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(x) In connections with loans received from certain trust companies, the Group pledged or transferred the Group's equity interests in these entities to certain trust companies.

Although the Group has pledged its equity interests in these entities to the trust companies or transferred the Group's equity interests in these entities to the trust companies, the Group consolidates these entities in accordance with IFRS 10 *Consolidated Financial Statements* because the Group is exposed, or has rights, to variable returns from its involvement with these entities and the Group has the ability to affect those returns through its power to direct the relevant activities of the entities as more fully described below.

- *Hunan Sunshine 100, Yingda Weihua, Wuxi Suyuan, Hubei Sunshine 100 and Weifang Sunshine 100*
  Although the Group has pledged its equity interests in these entities to the trust companies as security, the trust companies do not have (i) any representation at the shareholders meetings (ii) any representation on the board of directors or (iii) any veto rights. Accordingly, the Group's rights, including its power to direct the activities of these entities, are not impacted by such pledges.

- *Chengdu Sunshine 100 Mia Center*
  In accordance with the loan agreement, the trust company has non-controlling representation on the board of director and the trust company's approval is required for material non-operational decisions by the board. Such approval rights are in substance protective rights to secure the repayment of the trust loans by Chengdu Sunshine 100, and the purpose of the arrangement is solely for the trust company to provide financing rather than having substantive involvement in the relevant activities of Chengdu Sunshine 100. The trust company's approval rights for material non-operational decisions, does not impact the Group's power to direct the relevant activities of Chengdu Sunshine 100 Mia Center.

- *Hubei Sunshine 100, Chongqing Yuneng 100, Yantai Sunshine 100, Yingda Weihua, Weifang Sunshine 100 and Chengdu Sunshine 100*
  The Group has transferred its equity interests in these entities to the trust companies. In addition, the trust companies have voting rights at the shareholders meetings and the board of directors meetings and certain resolutions require approval of the trust companies. Despite these rights held by the trust companies, the Group has maintained the power to direct the relevant activities of these entities because the Group has (i) substantive potential voting rights, such as call options to buy back the equity interests held by the trust companies, or (ii) obtained a letter of commitment from the trust companies confirming that the trust companies would vote in line with the decisions of the Group.

For all the entities described above, the Group's returns from its interests in these entities vary with the entities business performance. In addition, the Group is also entitled to the residual interests in these entities. In contrast, the returns of the trust companies are fixed and pre-determined in the trust financing agreements.

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(xi) During the year ended 31 December 2013, the Group invested RMB300,000,000 to acquire 49% equity interest in Jinan Sunshine 100, a company that mainly engaged in the development of Jinan Sunshine 100 International New Town project, from Yangpu Guangsheng Guoyuan Investment Co., Ltd. and Guangxi New Vantone Real Estate Investment Co., Ltd., two related parties controlled by the 8 individuals. On 31 August 2013, Yan Kuang Donghua Group Limited ("Yan Kuang Donghua"), an entity which holds the remaining 51% equity interest of Jinan Sunshine 100, issued a irrevocable notice to the Group to state that Yan Kuang Donghua would vote in line with the decisions made by the Group in the meetings of shareholders and the board of directors of Jinan Sunshine 100, and give the Group the power to direct the relevant activities of Jinan Sunshine 100 from 1 September 2013. As a result, the Group obtained control of Jinan Sunshine 100 and in accordance with IFRS 10 *Consolidated Financial Statements*, was required to consolidate the results of Jinan Sunshine 100 commencing from 1 September 2013.

(xii) The following tables list out the information relating to Liuzhou Sunshine 100, Nanning Zhuangye, Chang Jia and Jinan Sunshine 100, the subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

Liuzhou Sunshine 100

	2013	2012
	RMB'000	*RMB'000*
NCI percentage	**25%**	25%
Current assets	**806,686**	726,758
Non-current assets	**524,643**	408,665
Current liabilities	**(565,629)**	(596,506)
Non-current liabilities	**(518,531)**	(134,235)
Net assets	**247,169**	404,682
Carrying amount of NCI	**61,792**	101,171
Revenue	**117,471**	890,202
(Loss)/profit for the year	**(76,032)**	246,278
Total comprehensive income	**(76,032)**	246,278
(Loss)/profit allocated to NCI	**(19,008)**	61,570
Dividend paid to NCI	**20,371**	—
Cash flows from operating activities	**(233,008)**	70,547
Cash flows from investing activities	**(48)**	(231)
Cash flows from financing activities	**426,572**	(163,199)

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(xii) (Continued)

Nanning Zhuangye

	2013 RMB'000	2012 RMB'000
NCI percentage	**74%**	74%
Current assets	**141,202**	140,071
Non-current assets	**47**	2,420
Current liabilities	**(16,517)**	(16,842)
Net assets	**124,732**	125,649
Carrying amount of NCI	**92,302**	92,980
Revenue	**500**	133,941
(Loss)/profit for the year	**(916)**	22,073
Total comprehensive income	**(916)**	22,073
(Loss)/profit allocated to NCI	**(678)**	16,334
Cash flows from operating activities	**(1,661)**	(1,649)
Cash flows from investing activities	**—**	—
Cash flows from financing activities	**—**	—

Chang Jia

	2013 RMB'000	2012 RMB'000
NCI percentage	**45%**	45%
Current assets	**1,590,618**	986,654
Non-current assets	**17,690**	5,622
Current liabilities	**(852,946)**	(533,892)
Non-current liabilities	**(454,824)**	(135,588)
Net assets	**300,538**	322,796
Carrying amount of NCI	**135,242**	145,258
Revenue	**—**	—
Loss for the year	**(22,258)**	(4,251)
Total comprehensive income	**(22,258)**	(4,251)
Loss allocated to NCI	**(10,016)**	(1,913)
Cash flows from operating activities	**(65,703)**	(39,567)
Cash flows from investing activities	**(76,424)**	(740)
Cash flows from financing activities	**267,348**	28,000

13 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (Continued)

Notes: (Continued)

(xii) (Continued)

Jinan Sunshine 100

	2013
	RMB'000
NCI percentage	51%
Current assets	2,265,809
Non-current assets	975,987
Current liabilities	(1,767,650)
Non-current liabilities	(848,393)
Net assets	625,753
Carrying amount of NCI	319,134

	Four months ended 31 December 2013
	RMB'000
Revenue	90,895
Profit for the period	15,414
Total comprehensive income	15,414
Profit allocated to NCI	7,861
Cash flows from operating activities	62,616
Cash flows from investing activities	(117)
Cash flows from financing activities	(188,957)

14 INVESTMENTS IN ASSOCIATES — THE GROUP

	2013 *RMB'000*	2012 *RMB'000*
Share of net assets	**163,162**	114,270

The following list contains only the particulars of material associates, all of which are unlisted corporate entities incorporated in the PRC, whose quoted market price is not available.

	Name of company	Place of incorporation	Particulars of paid-in capital/ registered capital *RMB'000*	Proportion of ownership interest held by subsidiaries	Principal activities
1	Chongqing Yuneng Wanyi Real Estate Co., Ltd. ("Chongqing Yuneng Wanyi") 重慶渝能萬怡房地產開發有限公司	Chongqing, the PRC	80,000	30%	Property development Note (i)
2	Guangxi Jingqi Investment Co., Ltd. ("Guangxi Jingqi") 廣西景祺投資有限公司	Guangxi Zhuang Autonomous Region, the PRC	100,000	49%	Investment holding Note (ii)

Notes:

(i) Chongqing Yuneng Wanyi
During the year ended 31 December 2004, the Group acquired 30% equity interest in Chongqing Yuneng Wanyi, a company that mainly engaged in the development of Chongqing City Plaza project. Chongqing Yuneng Wanyi is a property developer in the Chongqing market, enables the Group to have exposure to this market through local expertise.

(ii) Guangxi Jingqi
During the year ended 31 December 2010, the Group invested RMB49,000,000 to acquire 49% equity interest in Guangxi Jingqi, a newly established company that mainly engaged in the investment of Guangxi Yaobu project and Dongguan Songshan project. From then on, Guangxi Jingqi has been accounted for as an associate of the Group. Guangxi Jingqi is a property developer in the Yaobu and Dongguan markets, enables the Group to have exposure to this markets through local expertise.

14 INVESTMENTS IN ASSOCIATES — THE GROUP (Continued)

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

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Chongqing Yuneng Wanyi

	2013 *RMB'000*	2012 *RMB'000*
Current assets	**623,157**	836,580
Non-current assets	**302,049**	14,545
Current liabilities	**(672,598)**	(725,185)
Non-current liabilities	**(28,518)**	(15,000)
Equity	**224,090**	110,940
Reconciled to the Group's interests in Chongqing Yuneng Wanyi		
Gross amounts of net assets of the associate	**224,090**	110,940
Group's effective interest	**30%**	30%
Group's share of net assets of the associate	**67,227**	33,282
Carrying amount in the consolidated financial statements	**67,227**	33,282
Revenue	**365,617**	352,599
Profit from continuing operations	**113,150**	72,767
Total comprehensive income	**113,150**	72,767

14 INVESTMENTS IN ASSOCIATES — THE GROUP (Continued)

Guangxi Jingqi

	2013 RMB'000	2012 RMB'000
Current assets	**1,529,711**	953,651
Non-current assets	**735**	30,364
Current liabilities	**(1,148,710)**	(884,292)
Non-current liabilities	**(300,000)**	—
Equity	**81,736**	99,723
— Attributable to equity shareholders	**71,838**	99,723
— Non-controlling interest	**9,898**	—
Reconciled to the Group's interests in Guangxi Jingqi		
Gross amounts of net assets attributable to equity shareholders of the associate	**71,838**	99,723
Group's effective interest	**49%**	49%
Group's share of net assets of the associate	**35,200**	48,864
Carrying amount in the consolidated financial statements	**35,200**	48,864
Revenue	**—**	—
Loss from continuing operations	**(27,886)**	(75)
Total comprehensive income	**(27,886)**	(75)

Aggregate information of associates that are not individually material:

	2013 RMB'000	2012 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**60,735**	32,124
Aggregate amounts of the Group's share of those associates'		
Profit from continuing operations	**7,794**	1,268
Total comprehensive income	**7,794**	1,268

15 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	2013 RMB'000	2012 RMB'000
PRC Corporate Income Tax payable	**490,288**	367,335
Land Appreciation Tax payable	**360,702**	342,695
	850,990	710,030

(b) Deferred tax assets and liabilities recognized:

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

	Note	Tax losses RMB'000	Land development for sale, properties under development and completed properties held for sale RMB'000	Investment properties RMB'000	Property and equipment RMB'000	Available-for-sale investment RMB'000	Total RMB'000
At 1 January 2012		72,835	269,163	(573,949)	–	(317)	(232,268)
Credited/(charged) to profit or loss	5(a)	5,095	71,825	(34,836)	–	–	42,084
Credited to other comprehensive income		–	–	–	–	317	317
At 31 December 2012		77,930	340,988	(608,785)	–	–	(189,867)
At 1 January 2013		**77,930**	**340,988**	**(608,785)**	**–**	**–**	**(189,867)**
Acquisition of a subsidiary	29	**–**	**(25,396)**	**(81,083)**	**(10,245)**	**–**	**(116,724)**
Credited/(charged) to profit or loss	5(a)	**(18,709)**	**(33,582)**	**(62,888)**	**128**	**–**	**(115,051)**
At 31 December 2013		**59,221**	**282,010**	**(752,756)**	**(10,117)**	**–**	**(421,642)**

15 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognized: (Continued)

(ii) Reconciliation to the consolidated balance sheet:

	2013	2012
	RMB'000	*RMB'000*
Deferred tax assets recognized in the consolidated balance sheet	**466,448**	418,918
Deferred tax liabilities recognized in the consolidated balance sheet	**(888,090)**	(608,785)
	(421,642)	(189,867)

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 1(t), the Group has not recognized deferred tax assets in respect of cumulative tax losses in certain subsidiaries of RMB501,239,000 at 31 December 2013 (2012: RMB208,533,000), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant subsidiaries. As at 31 December 2013, RMB17,011,000, RMB24,755,000, RMB46,524,000, RMB95,493,000 and RMB317,456,000 of these tax losses will expire in 2014, 2015, 2016, 2017 and 2018, respectively.

(d) Deferred tax liabilities not recognized

According to the Implementation Rules of the Corporate Income Tax Law of the PRC, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profits earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognized for the dividends that have been declared, and deferred tax liability is recognized for those to be declared in the foreseeable future. As at 31 December 2013, temporary differences relating to the undistributed profits of the subsidiaries in the PRC amounted to RMB3,421,483,000 (2012: RMB2,935,608,000). Deferred tax liabilities of RMB342,148,000 (2012: RMB293,561,000) have not been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits earned subsequent to 1 January 2008 will not be distributed in the foreseeable future.

16 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE — THE GROUP

	2013	2012
	RMB'000	*RMB'000*
Properties under development	**11,059,693**	9,218,019
Completed properties held for sale	**4,461,776**	2,399,714
	15,521,469	11,617,733

(a) The analysis of carrying value of leasehold land included in properties under development and completed properties held for sale is as follows:

	2013	2012
	RMB'000	*RMB'000*
In the PRC		
— Long-term lease	**3,764,546**	2,618,628
— Medium-term lease	**2,339,590**	2,240,620
	6,104,136	4,859,248

(b) The amount of properties under development expected to be recovered after more than one year is analyzed as follows:

	2013	2012
	RMB'000	*RMB'000*
Properties under development	**7,760,857**	4,661,032

All of the other properties under development and completed properties held for sale are expected to be recovered within one year.

(c) The cost of properties sold for the year ended 31 December 2013 amounted to RMB3,956,534,000 (2012: RMB2,879,968,000).

(d) Certain properties under development and completed properties held for sale of the Group were pledged against the loans and borrowings, details are set out in Note 21(g).

17 LAND DEVELOPMENT FOR SALE — THE GROUP

	2013 *RMB'000*	2012 *RMB'000*
Land development for sale	**680,006**	379,762

Land development for sale mainly represents the cost of land development for the Group's land development projects. Though the Group does not have ownership title or land use rights to the land, the Group is given the right to carry out preparation works in respect of land infrastructure in those projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales.

Land development for sale is expected to be realized in the normal operating cycle, which is longer than twelve months.

In accordance with the accounting policy set out in Note 1(v)(ii), revenue in relation to land development for sale is recognized depending on the timing of sales of related land plots by the government to third parties.

18 TRADE AND OTHER RECEIVABLES

		2013 *RMB'000*	2012 *RMB'000*
The Group			
Trade receivables		**836,409**	661,071
Amounts due from related parties	28(b)	**481,677**	1,151,523
Other receivables		**638,130**	772,325
Loans and receivables		**1,956,216**	2,584,919
Deposits and prepayments		**782,879**	715,798
		2,739,095	3,300,717
The Company			
Prepayments		**16,548**	11,044
Amounts due from related parties		**—**	203,524
		16,548	214,568

18 TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

The ageing analysis of trade receivables based on due date is as follows:

	2013 RMB'000	2012 RMB'000
Current	**157,562**	37,680
1 to 6 months past due	**68,570**	15,100
6 months to 1 year past due	**582**	6,100
More than 1 year past due	**609,695**	602,191
Amounts past due	**678,847**	623,391
	836,409	661,071

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

(b) Impairment of loans and receivables

Impairment losses in respect of loans and receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loans and receivables directly (see Note 1(k)(i)).

There was no allowance for doubtful debts provided during the year ended 31 December 2013 (2012: RMB nil).

18 TRADE AND OTHER RECEIVABLES (Continued)

(c) Loans and receivables that are not impaired

The ageing analysis of loans and receivables that are neither individually nor collectively considered to be impaired are as follows:

	2013 *RMB'000*	2012 *RMB'000*
Neither past due nor impaired	**1,277,369**	1,961,528
1 to 6 months past due	**68,570**	15,100
6 months to 1 year past due	**582**	6,100
More than 1 year past due	**609,695**	602,191
Amounts past due	**678,847**	623,391
	1,956,216	2,584,919

Receivables that were neither past due nor impaired relate to customers and debtors for whom there was no recent history of default.

Receivables that were past due but not impaired mainly included revenue from land development for sale of RMB581,089,000 as at 31 December 2013 and 2012 from the government of Chenghua District, Chengdu that has good credit reputation as a government institution. No provision on the receivable of RMB581,089,000 due from the government of Chenghua District, Chengdu was required based on the facts set out below:

- Based on a series of agreements entered into by the Group and the government of Chenghua District, Chengdu, the Group is entitled to receive RMB2,508,089,000 after netting off the payable of RMB234,411,000 to the government of Chenghua District, Chengdu, of which RMB1,927,000,000 has been received by the Group;

- The government of Chenghua District, Chengdu issued a notice to the Company on 2 July 2013 to confirm the remaining balance of RMB581,089,000;

18 TRADE AND OTHER RECEIVABLES (Continued)

(c) Loans and receivables that are not impaired (Continued)

- The Group has continuous business relationship with the government of Chenghua District, Chengdu during the year. As at 31 December 2013, Phase III and Phase IV of the Chengdu primary land development project with the government of Chenghua District, Chengdu was still in progress;

- The management of the Company represented that the agreements are legally enforceable, as supported by a legal opinion received by the Group, and there is no indication that the government of Chenghua District, Chengdu will not, or will have financial difficulties to, fulfill its obligation to settle the balance.

Accordingly, the management believes that no impairment allowance is necessary in respect of these balances and the balances are still considered fully recoverable.

The remaining receivables that were past due but not impaired mainly represented receivables in relation to sales of properties from a number of independent customers that have a good relationship with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Of the remaining balances that were past due but not impaired, the Group holds the title of the property units as collateral over the balance of trade receivables of RMB66,154,000 (2012: RMB1,419,000).

19 RESTRICTED DEPOSITS — THE GROUP

	Note	2013 RMB'000	2012 RMB'000
Non-current restricted deposits for:			
— Guarantee for mortgage loans	(i)	**58,740**	42,023
— Guarantee for demolition fees	(ii)	**61,293**	71,218
— Guarantee for loans and borrowings	21(g)	**200,000**	1,211
— Guarantee for rural migrant workers' wages		**—**	600
— Restricted cash related to pre-sale proceeds received	(v)	**82,738**	6,265
		402,771	121,317
Current restricted deposits for:			
— Guarantee for mortgage loans	(i)	**67,100**	52,664
— Guarantee for bills payable	(iv)	**100,500**	13,000
— Guarantee for loans and borrowings	21(g)	**1,342,147**	1,311,050
— Guarantee for construction fees	(iii)	**22,742**	26,528
— Restricted cash related to pre-sale proceeds received	(v)	**24,865**	114,594
		1,557,354	1,517,836
		1,960,125	1,639,153

The above restricted deposits are restricted as follows:

(i) The Group has entered into agreements with certain banks and other financial institutions with respect to mortgage loans provided to buyers of the Group's property units. As at 31 December 2013, the Group had restricted bank deposits of RMB125,840,000 (2012: RMB94,687,000), as security for settlement of the mortgage instalments under these agreements. Should the mortgagors fail to pay the mortgage monthly instalments, the bank or other financial institution can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. Such guarantee deposits will be released when the title of properties are pledged to banks and other financial institutions or the related mortgage loans are repaid by buyers.

19 RESTRICTED DEPOSITS — THE GROUP (Continued)

(ii) As at 31 December 2013, the Group had restricted bank deposits of RMB61,293,000 (2012: RMB71,218,000), as non-cancellable guarantees on demolition fees payable to original residents. Should the Group fail to pay the demolition fees, the government can draw down the security deposits up to the amount of outstanding demolition fees and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(iii) As at 31 December 2013, pursuant to a government regulation, the Group had restricted deposits placed at banks of RMB22,742,000 (2012: RMB26,528,000), as non-cancellable guarantees on construction fees payable to construction contractors. Should the Group fail to settle related construction fees, the bank or the government can drawdown the deposits to settle the relevant sums and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(iv) As at 31 December 2013, the Group had restricted bank deposits with terms of four to five months of RMB100,500,000 (2012: RMB13,000,000), as security for settlement of bills payable. Should the Group fail to settle the bills payable, the bank can draw down the security deposits up to the amount of outstanding bills payable and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(v) In accordance with relevant government regulations, certain project companies of the Group are required to place the pre-sale proceeds of properties received of RMB107,603,000, at designated bank accounts as guarantee deposits for construction work of related properties as at 31 December 2013 (2012: RMB120,859,000). The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant properties upon the approval of Authorities of the Ministry of Housing and Urban-Rural Development and relevant banks. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

20 CASH AND CASH EQUIVALENTS-THE GROUP

	2013 RMB'000	2012 RMB'000
Cash on hand	**426**	468
Cash at bank	**1,216,098**	1,107,852
	1,216,524	1,108,320

21 LOANS AND BORROWINGS

	Note	2013 RMB'000	2012 RMB'000
The Group			
Loans and borrowings at amortized cost			
— Long-term		**10,875,094**	7,539,784
— Short-term		**2,302,462**	1,721,193
		13,177,556	9,260,977
Loans at fair value through profit or loss:			
— Loans from Riverside	(a)	**587,196**	933,475
— Loans from Hangzhou Industrial and Commerce Trust	(b)	**37,285**	—
		624,481	933,475
		13,802,037	10,194,452
The Company			
Loans and borrowings at amortized cost			
— Long-term		**—**	524,303
— Short-term		**1,153,000**	234,022
		1,153,000	758,325
Loans at fair value through profit or loss:			
— Loans from Riverside	(a)	**587,196**	933,475
		1,740,196	1,691,800

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside

	Note	Original Sunshine 100 Liaoning Investment Agreements RMB'000	Revised Sunshine 100 Liaoning Investment Agreements RMB'000	Further Revised Sunshine 100 Liaoning Investment Agreements RMB'000	Third Revised Sunshine 100 Liaoning Investment Agreements RMB'000
At 1 January 2013		**–**	**–**	**933,475**	**–**
Repayment		**–**	**–**	**(300,000)**	**(100,000)**
Fair value adjustment charged to profit or loss	4(a)	**–**	**–**	**39,108**	**58,878**
De-recognition and credited to profit or loss	4(a)	**–**	**–**	**(672,583)**	**–**
Recognition and charged to profit or loss	4(a)	**–**	**–**	**–**	**628,318**
At 31 December 2013		**–**	**–**	**–**	**587,196**
At 1 January 2012		–	1,147,197	–	–
Repayment		–	(322,648)	(100,000)	–
De-recognition and credited to profit or loss	4(a)	–	(824,549)	–	–
Recognition and charged to profit or loss	4(a)	–	–	1,033,475	–
At 31 December 2012		–	–	933,475	–

Original Liaoning Sunshine 100 Investments Agreements

Pursuant to the Original Liaoning Sunshine 100 Investment Agreements and Equity Transfer Agreement disclosed in Note 13(iv), 75% equity interest in Liaoning Sunshine 100 was transferred from Sunshine 100 Group to Riverside for a financing of USD25,000,000. Based on the Original Liaoning Sunshine 100 Investment Agreements, the parties to the agreements have the following rights and obligations:

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside (Continued)

Original Liaoning Sunshine 100 Investments Agreements (Continued)

(i) *Original Conversion Right*

Upon the establishment of the Company, Riverside shall at any time have the right to request the Company to allot and issue such number of preference shares of the Company that would constitute 13.8% of the Company on a fully diluted basis for an aggregate consideration of the 75% shareholding in Liaoning Sunshine 100, plus (i) RMB605,000,000 or (ii) the other investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements and a cash consideration on the difference between the other investments and RMB605,000,000 if the other investments are less than RMB605,000,000 (the "Original Conversion Right"). The 13.8% would be adjusted up to a maximum 18.0% if a qualified initial public offering of the Company (the "IPO"), as defined in the Original Investment Agreement, does not take place on or before 1 January 2010 and the total consolidated profits attributable to the equity shareholders of the Company for the years ended 31 December 2006, 2007, 2008 and 2009 are less than RMB2.7 billion in aggregate.

(ii) *Original Warrant*

Upon the completion of the IPO, Riverside shall be issued a warrant to purchase 5% of the Company's ordinary shares, as calculated immediately following the IPO on a fully-diluted, as-converted basis (the "Original Warrant"). The Original Warrant shall have an exercise price equal to the IPO price, and shall expire three years following the IPO.

(iii) *Original Put Option*

If (i) Riverside has not exercised the Original Conversion Right on or before 31 December 2007, or (ii) Sunshine 100 Group or the 8 individuals breach the Original Liaoning Sunshine 100 Investment Agreements, Riverside would have the right to request redemption of the 75% shareholding in Liaoning Sunshine 100 and other investments it made under the Liaoning Sunshine 100 Investment Agreements at a put price which should equal to the total investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements plus an amount necessary to produce an annual rate of return of 15% over the total investments (the "Original Put Option").

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside (Continued)

Original Liaoning Sunshine 100 Investments Agreements (Continued)

(iv) *Original Call Option*

If Riverside has not exercised the Original Conversion Right and the Original Put Option on or before 31 December 2009, Sunshine 100 Group would have the right to redeem the 75% shareholding in Liaoning Sunshine 100 and other investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements at a call price which should equal to the total investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements plus an amount necessary to produce an annual rate of return of 15% over the total investments plus the 25% of the total profits of Liaoning Sunshine 100 during the periods Riverside holds the 75% shareholding in Liaoning Sunshine 100, but the call price should be cap at an amount production an annual rate of return of 30% over the total investments (the "Original Call Option"). This Original Call Option was exercisable during the year ended 31 December 2010.

(v) *Original Liability Component*

The 75% shareholding in Liaoning Sunshine 100 held by Riverside has been accounted for as a liability as the Original Put Option contains an obligation for Sunshine 100 Group to purchase such shareholding. In addition to this 75% shareholding in Liaoning Sunshine 100, Riverside provided other loans as follows (collectively referred as the "Original Liability Component"):

- On 10 May 2007, Riverside entered into a loan agreement with Liaoning Sunshine 100, pursuant to which Riverside provided a loan of USD49,000,000 to Liaoning Sunshine 100. This loan bears an interest rate at 6.5% per annum with a maturity date on 31 January 2011.

- On 21 November 2007, Riverside made a payment of USD10,000,000 to Oceanic, a related party of the Company, on behalf of the Company. This loan is interest-free and has no specified maturity date.

- On 8 February 2008, Riverside entered into a loan agreement with Sunmode, pursuant to which Riverside provided a loan of USD21,677,160 to Sunmode. This loan is interest-free with a maturity date on 8 February 2011.

The total investments made by Riverside under the Original Liaoning Sunshine 100 Investment Agreements have been accounted for as a combined hybrid financial instrument, containing the derivative components (Original Conversion Right, Original Warrant, Original Put Option and Original Call Option) and the Original Liability Component. The combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside (Continued)

Revised Liaoning Sunshine 100 Investment Agreements

Based on the Revised Liaoning Sunshine 100 Investment Agreements, the rights and obligations under the Original Liaoning Sunshine 100 Investment Agreements were lapsed and the parties to the Revised Liaoning Sunshine 100 Investment Agreements have the following revised rights and obligations:

(i) *Revised Conversion Right*

The Company issued a convertible note (the "CN") with face value of RMB800,000,000 to Riverside Group on 31 December 2010. If a qualified initial public offering of the Company (the "new IPO"), as defined in the Revised Liaoning Sunshine 100 Investment Agreements, occurs before 30 June 2012, the CN will be automatically converted into ordinary shares of the Company, would constitute at least of 5.01% (the conversion price is subjected to one-time downward adjustment according to the equity market capitalization of the Company immediately prior before the new IPO) of the Company's share capital (the "Revised Conversion Right"), on a fully diluted basis. If the new IPO occurs during the period from 30 June 2012 to 31 December 2012, holder of the CN shall has the right to request (i) a redemption at USD equivalent of RMB800,000,000 or (ii) conversion of the CN into ordinary shares of the Company, which shall constitute at least 5.01% of the Company's share capital on a fully diluted basis. If the new IPO fails to occur by 31 December 2012 or upon occurrence of any material breach to the Revised Liaoning Sunshine 100 Investment Agreements, the Company shall pay to holder of CN USD equivalent of RMB800,000,000 within 30 days.

(ii) *Revised Warrant*

Upon the completion of the new IPO, the Company shall issue to Riverside's holding companies a warrant to purchase 2.5% of the Company's securities outstanding on the stock exchange, as calculated immediately following the new IPO on a fully-diluted basis (the "Revised Warrant"). The Revised Warrant shall have an exercise price equal to the new IPO price, and shall expire two years following the new IPO.

(iii) *Revised Liability Component*

Pursuant to the Revised Liaoning Sunshine 100 Investment Agreements, the liability component has been fixed at USD equivalent of RMB800,000,000 (the "Revised Liability Component") and should be settled during the year ended 31 December 2011 based on a fixed repayment schedule. The amount was not settled as of the maturity date and was subsequently modified in the Further Revised Liaoning Sunshine 100 Investment Agreements.

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside (Continued)

Revised Liaoning Sunshine 100 Investment Agreements (Continued)

(iii) *Revised Liability Component* (Continued)

The rights and obligations under the Revised Liaoning Sunshine 100 Investment Agreements have been accounted for as a combined hybrid financial instrument, containing the derivative components (the Revised Conversion Right, the Revised Warrant and the Revised Put Option) and the Revised Liability Component. The combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

Upon the recognition of the Revised Liaoning Sunshine 100 Investment Agreements at its effective date, the Original Liaoning Sunshine 100 Investment Agreements were derecognized and the carrying amount of RMB1,527,380,000 was credited to profit or loss accordingly.

Further Revised Liaoning Sunshine 100 Investment Agreements

Based on the Further Revised Liaoning Sunshine 100 Investment Agreements, the rights and obligations under the Revised Liaoning Sunshine 100 Investment Agreements were amended and the parties to the Further Revised Liaoning Sunshine 100 Investment Agreements have the following revised rights and obligations:

(i) *Further Revised Warrant*

The terms regarding the warrant under the Further Revised Liaoning Sunshine 100 Investment Agreements ("Further Revised Warrant") remained the same as the Revised Warrant.

(ii) *Further Revised Liability Component*

The Company shall repay the CN principal of RMB800,000,000 based on agreed payment schedule and shall pay interest to Riverside in an amount equal to an IRR at an annual rate of 16% accrued on the CN principal. Subject to certain conditions, if an IPO (the "Rescheduled IPO") is completed prior to 30 June 2014, any and all amount outstanding before the Rescheduled IPO, multiplied by 117.65%, shall be automatically converted into fully ordinary shares of the Company at the IPO price (the "Further Revised Liability Component").

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside (Continued)

Further Revised Liaoning Sunshine 100 Investment Agreements (Continued)

The rights and obligations under the Further Revised Liaoning Sunshine 100 Investment Agreement have been accounted for as a combined hybrid financial instrument and the combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

Upon the recognition of the Further Revised Liaoning Sunshine 100 Investment Agreements at its effective date, the Revised Liaoning Sunshine 100 Investment Agreements were derecognized and the carrying amounts of RMB824,549,000 was credited to profit or loss accordingly.

Third Revised Liaoning Sunshine 100 Investment Agreements

Based on the Third Revised Liaoning Sunshine 100 Investment Agreements, the rights and obligations under the Further Revised Liaoning Sunshine 100 Investment Agreements were amended and the parties to the Third Revised Liaoning Sunshine 100 Investment Agreements have the following revised rights and obligations:

(i) *Third Revised Liability Component*

The Company shall repay the CN principal of RMB800,000,000 based on agreed payment schedule and shall pay interest to Riverside in an amount equal to an IRR at an annual rate of 16% accrued on the CN principal. Subject to certain conditions, if an IPO (the "Qualified IPO") is completed prior to 31 December 2014, 50% of any and all amount outstanding multiplied by a percentage (the "IPO percentage"), as set out below, plus RMB20,000,000 shall be repaid by the Company within 30 days after the Qualified IPO and the remaining 50% of any and all amount outstanding multiplied by the Restoration percentage shall be automatically converted into fully ordinary shares of the Company at the IPO price (the "Third Revised Liability Component"). The IPO percentages are set out as below:

(a) If the Qualified IPO is completed on or prior to 31 December 2013, the Restoration percentage is 117.65%;

(b) If the Qualified IPO is completed on or prior to 30 June 2014, the Restoration percentage is 125%;

(c) If the Qualified IPO is completed on or prior to 31 December 2014, the Restoration percentage is 133.33%.

21 LOANS AND BORROWINGS (Continued)

(a) Loans from Riverside (Continued)

Third Revised Liaoning Sunshine 100 Investment Agreements (Continued)

The rights and obligations under the Third Revised Liaoning Sunshine 100 Investment Agreement have been accounted for as a combined hybrid financial instrument and the combined hybrid financial instrument has been designated by the Group as financial liability measured at fair value through profit and loss.

Upon the recognition of the Third Revised Liaoning Sunshine 100 Investment Agreements at its effective date, the Further Revised Liaoning Sunshine 100 Investment Agreements were derecognized and the carrying amounts of RMB672,583,000 was credited to profit or loss accordingly.

Fair values of the derivative components and the liability component under the Original Liaoning Sunshine 100 Investment Agreements, the Revised Liaoning Sunshine 100 Investment Agreements, the Further Revised Liaoning Sunshine 100 Investment Agreements and the Third Revised Liaoning Sunshine 100 Investment Agreements were valued by the directors with reference to the valuation reports issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified valuer, using the Trinomial option pricing model, Black-Scholes model and discounted cash flow method. Key assumptions and variables used in the valuation are as follow:

	2013	2012
	RMB'000	*RMB'000*
Total business value of the Group at the measurement date (RMB'000)	**not applicable**	9,700,000
Expected volatility	**not applicable**	40.77%
Discount rate	**22%**	22.87%
Time to maturity	**1 year**	2 year
Dividend yield	**0%**	0%
Risk-free interest rate	**4.28%**	3.05%

For the year ended 31 December 2013, changes in credit risk led to a decrease of RMB924,000 (2012: RMB7,459,000), on the changes in the fair value of the loans from Riverside.

21 LOANS AND BORROWINGS (Continued)

(b) Loans from Hangzhou Industrial and Commerce Trust

	Note	***RMB'000***
At 1 January 2013		–
Proceeds		**15,000**
Fair value adjustment charged to profit or loss	4(a)	**22,285**
At 31 December 2013		**37,285**

The Yantai loans from Hangzhou Industrial and Commerce Trust have been provided in two batches as follows:

(a) Hangzhou Industrial and Commerce Trust lent loans amounting to RMB185,000,000 and RMB200,000,000 to Yantai Sunshine 100 in March and June 2013, respectively. The loan bears interests at 14.6% per annum and will be matured on 25 March 2015 and 6 June 2015, respectively.

(b) 30% shareholding of Yantai Sunshine 100 (the "30% Yantai Sunshine 100 Shareholding") was transferred from the Group to Hangzhou Industrial and Commerce Trust at a consideration of RMB15,000,000.

Pursuant to the Cooperation Agreement II, the Group and Hangzhou Industrial and Commerce Trust reached follow agreements as detailed below:

(a) Yantai Sunshine 100 or the Group has a right to early repay the loans amounted to RMB385,000,000 from the 13th month at the principal plus the outstanding interests.

(b) The Group has a call option to purchase 20% Yantai Sunshine 100 Shareholding in the first year at variable considerations as detailed below:

— If the call option was exercised and the principal was repaid at the maturity date, the consideration would be RMB10,000,000 plus a 15% annual rate of return;

— If the call option was exercised and the principal was repaid early, the consideration would be RMB10,000,000 plus a 18% annual rate of return.

21 LOANS AND BORROWINGS (Continued)

(b) Loans from Hangzhou Industrial and Commerce Trust (Continued)

(c) The Group has a call option to purchase 10% Yantai Sunshine 100 Shareholding after the first year before the maturity date at variable considerations as detailed below:

— If the call option was exercised and the principal was repaid at the maturity date, the consideration would be the consideration would be (i) the fair value of Yantai Sunshine 100 at the date of settlement, if the fair value was higher than RMB5,000,000 plus a 20% annual rate of return but lower than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests and the of acquisition back of the 20% Yantai Sunshine 100 Shareholding or (ii) RMB5,000,000 plus a 20% annual rate of return, if the fair value of Yantai Sunshine 100 was lower than RMB5,000,000 plus a 20% annual rate of return, or (iii) RMB400,000,000 plus a 18% annual rate of return deduct repaid loans and interests, if the fair value was higher than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests and the consideration of acquisition back of the 20% Yantai Sunshine 100 Shareholding;

— If the call option was exercised and the principal was repaid early, the consideration would be RMB5,000,000 plus a 40% annual rate of return.

(d) If the Group has not exercised the call option in the first year, the consideration to purchase back the 30% Yantai Sunshine 100 Shareholding would be:

— If the Group purchased back the 30% Yantai Sunshine 100 Shareholding at the maturity date, the consideration would be (i) the fair value of Yantai Sunshine 100 at the date of settlement, if the fair value was higher than RMB15,000,000 plus a 20% annual rate of return but lower than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests or (ii) RMB15,000,000 plus a 20% annual rate of return, if the fair value of Yantai Sunshine 100 was lower than RMB15,000,000 plus a 20% annual rate of return, or (iii) RMB400,000,000 plus a 18% annual rate of return deduct repaid loans and interests, if the fair value was higher than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests;

— If the Group purchased back the 30% Yantai Sunshine 100 Shareholding before the maturity date, the consideration would be RMB15,000,000 plus a 40% annual rate of return.

21 LOANS AND BORROWINGS (Continued)

(b) Loans from Hangzhou Industrial and Commerce Trust (Continued)

The Yantai loans from Hangzhou Industrial and Commerce Trust were accounted for as a combined hybrid financial instrument, containing the derivative component and the liability component. The liability component were designated by the Group as financial liability at fair value through profit and loss.

Fair values of the derivative components and the liability component under the Cooperation Agreement II were valued by the directors with reference to the valuation reports issued by CBRE, using the Binomial tree model. Key assumptions and variables used in the valuation are as follows:

	2013
Total business value at the measurement date (RMB'000)	**121,180**
Expected volatility	**43.53%**
Discount rate	**4.39%**
Time to maturity	**2.5 years**
Dividend yield	**0%**
Risk-free interest rate	**4.39%**

21 LOANS AND BORROWINGS (Continued)

(c) The Group's and the Company's long-term loans and borrowings comprise:

	2013 RMB'000	2012 RMB'000
The Group		
Loans at fair value through profit or loss:		
Loans from Riverside	**587,196**	933,475
Loans from Hangzhou Industrial and Commerce Trust	**37,285**	—
Sub-total	**624,481**	933,475
Loans and borrowings at amortized cost:		
Bank loans — secured	**4,111,625**	3,363,659
Loans from other financial institutions — secured	**5,999,737**	4,008,994
Loans from third parties		
— secured	**70,000**	137,131
— unsecured	**693,732**	30,000
Sub-total	**10,875,094**	7,539,784
Less: Current portion of long-term loans and borrowings:		
Loans from Riverside	**587,196**	933,475
Bank loans	**1,104,767**	2,358,361
Loans from other financial institutions	**1,006,000**	1,601,864
Loans from third parties	**49,877**	137,131
Sub-total	**2,747,840**	5,030,831
	8,751,735	3,442,428

21 LOANS AND BORROWINGS (Continued)

(c) The Group's and the Company's long-term loans and borrowings comprise: (Continued)

	2013 RMB'000	2012 RMB'000
The Company		
Loans from Riverside	**587,196**	933,475
Loans and borrowings at amortized cost:		
Bank loans — secured	**—**	524,303
Less: Current portion of long-term loans and borrowings:		
Loans from Riverside	**587,196**	933,475
Bank loans	**—**	524,303
Sub-total	**587,196**	1,457,778
	—	—

(d) The Group's and the Company's short-term loans and borrowings comprise:

	Note	2013 RMB'000	2012 RMB'000
The Group			
Loans and borrowings at amortized cost:			
Bank loans			
— secured		**1,495,500**	1,085,452
Loans from other financial institutions			
— secured		**230,000**	209,800
Loans from related parties	28(b)		
— secured		**—**	154,070
— unsecured		**20,817**	80,817
Loans from third parties			
— secured		**20,000**	46,053
— unsecured		**536,145**	145,001
Sub-total		**2,302,462**	1,721,193
Current portion of long-term loans and borrowings		**2,747,840**	5,030,831
		5,050,302	6,752,024

21 LOANS AND BORROWINGS (Continued)

(d) The Group's and the Company's short-term loans and borrowings comprise: (Continued)

	2013 RMB'000	2012 RMB'000
The Company		
Loans and borrowings at amortized cost:		
Bank loans		
— secured	**1,153,000**	99,952
Loans from related parties		
— secured	**–**	134,070
Sub-total	**1,153,000**	234,022
Current portion of long-term loans and borrowings	**587,196**	1,457,778
	1,740,196	1,691,800

(e) The Group's and the Company's effective interest rates per annum on loans and borrowings at amortized cost are as follows:

	2013	2012
The Group		
Long-term		
Bank loans	**6.15%–10.46%**	2.83%–10.64%
Loans from other financial institutions	**7.12%–14.64%**	11.00%–16.00%
Loans from third parties	**6.15%–15.00%**	10.00%–15.00%
Short-term		
Bank loans	**3.00%–13.00%**	3.50%–11.00%
Loans from other financial institutions	**12.00%**	17.40%
Loans from related parties	**3.50%–10.00%**	3.00%–10.00%
Loans from third parties	**6.15%–18.00%**	12.00%–20.00%
The Company		
Long-term		
Bank loans	**–**	2.83%–3.09%
Short-term		
Bank loans	**3.00%–3.50%**	3.50%
Loans from related parties	**–**	3.50%

21 LOANS AND BORROWINGS (Continued)

(f) The Group's and the Company's loans and borrowings are repayable as follows:

	2013 RMB'000	2012 RMB'000
The Group		
Within 1 year or on demand	**5,050,302**	6,752,024
After 1 year but within 2 years	**6,660,724**	2,021,755
After 2 years but within 5 years	**1,961,537**	331,743
After 5 years	**129,474**	1,088,930
	8,751,735	3,442,428
	13,802,037	10,194,452
The Company		
Within 1 year or on demand	**1,740,196**	1,691,800

(g) The following items were pledged and entities or individuals provided guarantees to secure and guarantee certain loans and borrowings granted to the Group and the Company at each balance sheet date:

(i)

	Note	2013 RMB'000	2012 RMB'000
The Group			
Property and equipment	11(b)	**283,351**	306,421
Investment properties	12(c)	**1,331,041**	559,917
Properties under development and completed properties held for sale	16(d)	**5,050,248**	4,724,893
Restricted deposits	19	**1,542,147**	1,312,261
		8,206,787	6,903,492

The Company

As at 31 December 2013, bank loans of the Company were secured by restricted deposits of Sunshine 100 Group of RMB1,153,000,000 (2012: RMB661,130,000).

21 LOANS AND BORROWINGS (Continued)

(g) The following items were pledged and entities or individuals provided guarantees to secure and guarantee certain loans and borrowings granted to the Group and the Company at each balance sheet date: (Continued)

(ii) As at 31 December 2013, loans and borrowings amounted to RMB3,802,097,000 (2012: RMB3,712,626,000), were secured by a charge over the shares of 9 subsidiaries of the Group, Hubei Sunshine 100, Yingda Weihua, Sunshine 100 Hunan, Chang Jia International, Liaoning Sunshine 100, Wuxi Suyuan, Weifang Sunshine 100, Yantai Sunshine 100 and Chongqing Sunshine 100.

(iii) As at 31 December 2013, loans amounted to RMB280,000,000 (2012: RMB1,080,791,000), were guaranteed by Mr. Yi Xiaodi, the Chairman of the Group, and Ms. Xu Yunxia, the spouse of Mr. Yi Xiaodi.

(h) The Group has defaulted in the repayment of loans and borrowings as follows:

	2013	2012
	RMB'000	*RMB'000*
Loan from Chongqing Yuneng Wanyi		
— Principal payables	**20,817**	20,817
— Interest payables	**233**	233
	21,050	21,050

The loan from Chongqing Yuneng Wanyi was not duly settled as the Group is in the process of negotiating certain transactions with the related party. It will be settled together with the mentioned transactions.

(i) As at 31 December 2013, loans and borrowings amounted to RMB215,180,000 (2012: RMB97,000,000) were reclassified as loans and borrowings payable on demand as certain subsidiaries of the Group breached certain loan covenants which permitted the lender to demand immediate repayments.

22 TRADE AND OTHER PAYABLES

	Note	2013 RMB'000	2012 RMB'000
The Group			
Trade payables	(i)	**3,640,885**	2,551,627
Amounts due to related parties	28(b)	**69,165**	582,831
Other payables		**1,034,500**	1,375,104
Financial liabilities measured at amortized cost		**4,744,550**	4,509,562
Receipts in advance		**18,995**	19,081
Other taxes payable		**104,828**	85,003
		4,868,373	4,613,646
Less: non-current portion of trade payables		**1,026,440**	768,558
non-current portion of other payables	(ii)	**104,824**	104,824
Sub-total		**1,131,264**	873,382
		3,737,109	3,740,264

Notes:

(i) The ageing analysis of trade payables based on due date is as follows:

	2013 RMB'000	2012 RMB'000
Due within 1 year or on demand	**2,614,445**	1,783,069
Due after 1 year but within 2 years	**717,959**	355,764
Due after 2 years but within 5 years	**308,481**	412,794
	3,640,885	2,551,627

(ii) The non-current portion of other payables represented the consideration payables for acquisition of subsidiaries. As at 31 December 2013, RMB104,824,000 (2012: RMB104,824,000) were pledged by the 100% equity interest of Lofty Talent and Eminent Star, and the 55% equity interest of Chang Jia, and will be due in 2016.

23 SALES DEPOSITS — THE GROUP

Sales deposits represented proceeds received on property unit sales that have not been recognized as revenue in accordance with the Group's revenue recognition policy.

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company:

	Share capital *RMB'000* *Note 24(c)*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2012	376	(710,776)	(710,400)
Loss and total comprehensive income for the year	—	(274,813)	(274,813)
At 31 December 2012	376	(985,589)	(985,213)
At 1 January 2013	**376**	**(985,589)**	**(985,213)**
Loss and total comprehensive income for the year	**—**	**(128,709)**	**(128,709)**
At 31 December 2013	**376**	**(1,114,298)**	**(1,113,922)**

(b) Dividends

The Company did not declare any dividends for the years ended 31 December 2013 and 2012.

(c) Share capital

As at 31 December 2013, the authorized, issued and paid share capital of the Company represented 50,000 ordinary shares of par value USD1.00 each.

24 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) General reserve fund

Pursuant to the Articles of Association of the Company's subsidiaries in the PRC, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the subsidiaries. This reserve fund can be utilized in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(ii) Fair value reserve

The fair value reserve represents the cumulative net change in the fair value of available-for-sale investment products held by the Group net of deferred tax, which is dealt with in accordance with the accounting policies set out in Notes 1(f) and 1(k).

(iii) Property revaluation reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for investment properties transferred from property and equipment in Note 1(h).

(e) Distributability of reserves

There was no reserve available for distribution to equity shareholders of the Company as at 31 December 2013 and 2012.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can fund its development and construction of real estate properties, and continue to provide returns for equity shareholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which was unchanged during the year, as defined by the Group, being the total of loans and borrowings divided by the total assets. As at 31 December 2013, the gearing ratio of the Group was 49.46% (2012: 45.29%).

25 EMPLOYEE BENEFIT PLAN

The Group participates in a defined contribution retirement scheme established by the relevant local government authorities for its staff. The Group was required to make contributions to the retirement scheme at 14% to 20% of the gross salaries of its staff.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

26 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 31 December 2013 and 2012, the Group has the following commitments in respect of properties under development and investment properties under construction not provided for in the financial statements:

	2013 RMB'000	2012 RMB'000
Contracted for	**2,152,759**	1,915,283
Approved but not contracted for	**4,232,463**	4,251,503
	6,385,222	6,166,786

The Group's share of its associates' own capital commitment, which is not included above, is as follows:

	2013 RMB'000	2012 RMB'000
Contracted for	**81,205**	97,630
Approved but not contracted for	**169,936**	39,543
	251,141	137,173

26 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Operating lease commitments

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

	2013 *RMB'000*	2012 *RMB'000*
Within 1 year	**15,275**	23,699
After 1 year but within 5 years	**28,489**	47,153
After 5 years	**17,325**	17,360
	61,089	88,212

(c) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within two years after the property units are delivered to the buyers. The total amounts of mortgages outstanding which are guaranteed by the Group, were RMB4,349,233,000 as at 31 December 2013 (2012: RMB3,041,527,000).

(d) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the relevant PRC laws and regulations, and these warranties are covered by back-to-back warranties provided by the relevant contractors of the projects.

(e) Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity, or operating results of the Group.

26 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(f) Investment properties and properties held for sale

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

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

	2013 ***RMB'000***	2012 *RMB'000*
Within 1 year	**76,280**	38,538
After 1 year but within 5 years	**292,142**	149,359
After 5 years	**486,782**	253,862
	855,204	441,759

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The receivable from the Group's largest customer accounted for 21.21% of total trade and other receivables as at 31 December 2013 (2012: 18%).

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in Notes 21(g) and 26(c), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Notes 26(c) and 28(d).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 18.

(b) Liquidity risk

Historically, the Group relied to a great extent on proceeds received from pre-sale of property units (sold in advance of the completion of the real estate projects) to fund its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's expansion plans and operations might need to be curtailed.

Sunshine 100 Group is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and longer term.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet dates of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet dates) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group						
At 31 December 2013						
Loans and borrowings						
– Long-term	**3,614,297**	**7,138,884**	**2,423,136**	**196,351**	**13,372,668**	**11,499,575**
– Short-term	**2,348,668**	**–**	**–**	**–**	**2,348,668**	**2,302,462**
Contract retention payables	**54,380**	**113,639**	**96,073**	**–**	**264,092**	**264,092**
Financial liabilities measured at amortized cost	**3,613,286**	**717,959**	**413,305**	**–**	**4,744,550**	**4,744,550**
	9,630,631	**7,970,482**	**2,932,514**	**196,351**	**20,729,978**	**18,810,679**
At 31 December 2012						
Loans and borrowings						
– Long-term	5,193,267	2,458,611	783,974	1,215,421	9,651,273	8,473,259
– Short-term	1,809,190	–	–	–	1,809,190	1,721,193
Contract retention payables	63,490	55,393	62,189	341	181,413	181,413
Financial liabilities measured at amortized cost	3,636,180	355,764	517,618	–	4,509,562	4,509,562
	10,702,127	2,869,768	1,363,781	1,215,762	16,151,438	14,885,427

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company						
At 31 December 2013						
Loans and borrowings						
— Long-term	**466,735**	**–**	**–**	**–**	**466,735**	**587,196**
— Short-term	**1,162,262**	**–**	**–**	**–**	**1,162,262**	**1,153,000**
Financial liabilities measured at amortized cost	**117,911**	**–**	**–**	**–**	**117,911**	**117,911**
	1,746,908	**–**	**–**	**–**	**1,746,908**	**1,858,107**
At 31 December 2012						
Loans and borrowings						
— Long-term	1,224,561	135,000	–	–	1,359,561	1,457,778
— Short-term	240,277	–	–	–	240,277	234,022
Financial liabilities at amortized cost	45,250	–	–	–	45,250	45,250
	1,510,088	135,000	–	–	1,645,088	1,737,050

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk

The interest rates of the Group's loans and borrowings are disclosed in Note 21(e). The annual interest rates of the Group's deposits at bank ranged from 0.35% to 2.85% as at 31 December 2013 and 2012.

The interest rate profile of the Group's interest-bearing financial instruments was:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Fixed rate instruments				
Loans and borrowings at amortized cost	**7,422,584**	4,770,506	**—**	—
Variable rate instruments				
Loans and borrowings at amortized cost	**5,754,972**	4,490,471	**1,153,000**	758,325

As at 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates for loans and borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB15,079,000 (2012: RMB8,988,000), and would increase/decrease the Group's properties under development and completed properties held for sale, investment properties, property and equipment and land development for sale, by approximately RMB37,444,000 (2012: RMB32,921,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet dates and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet dates. The analysis is performed on the same basis for 2012.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through The People's Bank of China ("PBOC") or other institutions authorized to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on cash and cash equivalents denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results.

As at 31 December 2013 and 2012, no significant assets or liabilities was denominated in a currency other than the functional currency of the entity to which they relate and, therefore, any increase or decrease in foreign exchange rate against functional currency, assuming such change had occurred as at 31 December 2013 and 2012, would not have a significant impact on the Group's results of operation and financial position.

(e) Fair values

(i) Financial assets and liabilities measured at fair value

Fair valued hierarchy

The following table presents the fair value of financial instruments measured at the balance sheet dates on a recurring loans, categorised into the three level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

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

Fair valued hierarchy (Continued)

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager who is responsible for engaging external valuers to perform valuations for the financial instruments, including unlisted available for-sale investment and loans at fair value through profit or loss which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the external valuers at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

		The Group		The Company	
		2013	2012	**2013**	2012
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Recurring fair value measurements					
Level 3					
Liabilities					
Loans at fair value through profit or loss:					
— Loans from Riverside	21(a)	**587,196**	933,475	**587,196**	933,475
— Loans from Hangzhou Industrial and Commerce Trust	21(b)	**37,285**	—	**—**	—
		624,481	933,475	**587,196**	933,475

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

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

Information about Level 3 fair value measurements

	Year ended 31 December 2013			
	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Loans at fair value through profit or loss				
— Loans from Riverside	Discounted cash flow method	Expected volatility	not applicable	not applicable
— Loans from Hangzhou Industrial and Commerce Trust	Binomia Tree model	Expected volatility	27.91% to 68.46%	44.08%

	Year ended 31 December 2012			
	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Loans at fair value through profit or loss				
— Loans from Riverside	Black-Scholes model/ discounted cash flow method	Expected volatility	33.20% to 45.51%	40.36%

The fair value of Loans from Riverside is determined using discounted cash flow method and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. For the years ended 31 December 2013 and 2012, it is estimated that with all other variables held constant, an increase/ decrease in the expected volatility by 1% would have no material impact on the Group's net profit.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

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

Information about Level 3 fair value measurements (Continued)

The fair value of loans from Hangzhou Industrial and Commerce Trust is determined using binomial tree model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. For the years ended 31 December 2013 and 2012, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 1% would have no material impact on the Group's net profit.

The fair value of all derivative financial instruments is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The methods, key assumptions and variables used are disclosed in Notes 21(a) and 21(b).

During the year, the movement on the balances of level 3 fair value measurements is as follows:

Available-for-sale investment, unlisted:

	2013 ***RMB'000***	2012 *RMB'000*
At 1 January	**—**	51,264
Acquisition	**217,000**	—
Change in fair value recognized in other comprehensive income during the year	**—**	(1,264)
Proceeds from disposal	**(217,000)**	(50,000)
At 31 December	**—**	—

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

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

Information about Level 3 fair value measurements (Continued)

Loans at fair value through profit or loss:

	2013 *RMB'000*	2012 *RMB'000*
At 1 January	**933,475**	1,147,197
Proceeds	**15,000**	—
Change in fair value recognized in profit or loss during the year	**76,006**	208,926
Repayment	**(400,000)**	(422,648)
At 31 December	**624,481**	933,475

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

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at 31 December 2013 and 2012.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The principal transactions which were carried out in the ordinary course of business are as follows:

	2013 RMB'000	2012 RMB'000
Advances provided to/(received from)		
— Associates	**169,906**	54,966
— Entities controlled by the 8 individuals	**51,016**	127,570
— Entities under control of Ms. Fan Xiaohua	**(60,929)**	349,980
— Entities under significant influence of the 8 individuals	**(111,174)**	2,519
— Entities under control of the key management personnel of the Group	**(78,946)**	15,151
— Member of the key management personnel of the Group	**1,804**	—
Repayment of advances (from)/to		
— Associates	**133,905**	14,783
— Entities controlled by the 8 individuals	**(473,573)**	46,972
— Entities under control of Ms. Fan Xiaohua	**(255,064)**	22,067
— Entities under significant influence of the 8 individuals	**147,662**	2,106
— Entities under control of the key management personnel of the Group	**(78,529)**	(91,329)
— Member of the key management personnel of the Group	**—**	(20,000)
Loans received from		
— Member of the key management personnel of the Group	**—**	5,000
— Entities under control of Ms. Fan Xiaohua	**—**	60,000
Loans repaid to		
— Member of the key management personnel of the Group	**20,000**	—
— Entities under control of Ms. Fan Xiaohua	**60,000**	—
Interest repaid to		
— An associate	**677**	2,751
— Member of the key management personnel of the Group	**—**	2,064

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	2013 *RMB'000*	2012 *RMB'000*
Interest expense charged by		
— An associate	**2,744**	2,751
— Member of the key management personnel of the Group	**1,804**	1,846
Consideration on disposal of a subsidiary		
— Entity under control of Ms. Fan Xiaohua	**10,000**	—
Consideration on acquisition of an associate		
— Entities controlled by the 8 individuals	**300,000**	—
Distribution to non-controlling interests	**78,529**	—
Payment of distribution to non-controlling interests	**—**	141,129
Rental charged by		
— Entity under significant influence of the 8 individuals	**7,083**	2,686
Property management income charged to		
— Entity under significant influence of the 8 individuals	**1,501**	932
Late payment penalty (reversed)/charged by		
— Entity under significant influence of the 8 individuals	**(21,668)**	7,300
Rental charged to		
— Entity under control of Ms. Fan Xiaohua	**11,300**	14,761
— Entity under significant influence of the 8 individuals	**2,401**	2,401

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

	Note	2013 RMB'000	2012 RMB'000
Amounts due from			
— Associates		**431,677**	145,781
— Entities controlled by the 8 individuals		**–**	239,865
— Entities under control of Ms. Fan Xiaohua		**50,000**	680,308
— Entities under significant influence of Mr. Yi Xiaodi		**–**	5,623
— Entities under control of the key management personnel of the Group		**–**	79,946
	18/(i)/(iii)	**481,677**	1,151,523
Amounts due to			
— Associates		**11,925**	27,772
— Entities controlled by the 8 individuals		**–**	117,308
— Entities under control of Ms. Fan Xiaohua		**17,846**	342,161
— Entity under significant influence of Mr. Yi Xiaodi		**39,394**	94,590
— Entity under control of the key management personnel of the Group		**–**	1,000
	22/(ii)/(iii)	**69,165**	582,831
Loans payable to			
— An associate	(iv)	**20,817**	20,817
— Member of the key management personnel of the Group	(v)	**–**	20,000
— Entity under control of Ms. Fan Xiaohua	(vi)	**–**	60,000
— Entity controlled by the 8 individuals	(vii)	**–**	134,070
	21(d)	**20,817**	234,887

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties (Continued)

Notes:

(i) The balances as at the balance sheet dates mainly represented the advances provided to related parties.

(ii) The balances as at the balance sheet dates mainly represented the advances obtained from related parties.

(iii) The balances were interest-free, unsecured and had no fixed terms of repayment.

(iv) The loan was borrowed by Chongqing Yuneng 100 from Chongqing Yuneng Wanyi, bearing an interest rate at 10% per annum and had matured on 5 September 2008.

(v) The loan was borrowed by Sunshine 100 Hunan from Wu Lei, a member of the key management personnel of the Group, bearing an interest rate of 9.84% per annum with a mature date on 23 December 2013.

(vi) The loan was borrowed by Guangxi Vantone from Guangxi Vantone Pharmaceutics Co., Ltd., an entity under control of Ms. Fan Xiaohua, bearing an interest rate at 3% per annum and had matured on 3 January 2014.

(vii) The loan was borrowed by the Company for Wayfine Holdings Limited, bearing an interest rate of 3.5% per annum with a mature date on 1 September 2013.

(c) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 6, and certain of the highest paid employees as disclosed in Note 7, is as follows:

	2013 *RMB'000*	2012 *RMB'000*
Salaries, wages and other benefits	**20,354**	16,151
Contributions to defined contribution retirement plan	**340**	239
	20,694	16,390

Total remuneration is included in "Staff costs" (see Note 4(b)).

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Other related party transactions

The Group pledged certain investment properties with carrying value of RMB81,130,000 (2012: RMB77,303,000), as collaterals for banking facilities provided to Guangxi Vantone Pharmaceutics Co., Ltd., an entity under control of Ms. Fan Xiaohua. The pledge period ranged 3 years and will be matured on 26 June 2015.

As at 31 December 2012 and 2013, certain loans were guaranteed by Mr. Yi Xiaodi and Ms. Xu Yunxia (see Note 21(g) (iii)).

(e) The Listing Rules relating to connected transactions

The related party transactions in respect of rental charged by a related party, property management income charged to a related party and rental charged to related parties above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, except for rental charged to entity under control of Ms. Fan Xiaohua, of which the disclosures required by Chapter 14A of the Listing Rules are provided in section connected transactions of the Reports of the directors, other related party transactions mentioned above are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

29 ACQUISITION OF A SUBSIDIARY

As disclosed in Note 13(xi), Jinan Sunshine 100 became and was accounted for as a subsidiary of the Group from 1 September 2013.

Jinan Sunshine 100 is a major property developer in the Jinan market. Taking control of Jinan Sunshine 100 will enable the Group to have exposure to this market through local expertise.

For the four months ended 31 December 2013, Jinan Sunshine 100 contributed revenue of RMB90,895,000 and profit of RMB14,514,000 to the Group's results for the year ended 31 December 2013. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue would have been RMB150,194,000, and consolidated profit for the year ended 31 December 2013 would have been RMB11,902,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2013.

During the business combination, no consideration was transferred and no acquisition-related costs were incurred.

29 ACQUISITION OF A SUBSIDIARY (Continued)

(a) Identifiable assets acquired and liabilities assumed

The following table summarises the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	Note	RMB'000
Property and equipment	11	299,895
Properties under development and completed properties held for sale		2,050,919
Investment properties	12	531,320
Deferred tax assets	15(b)	96,307
Trade and other receivables		144,580
Cash and cash equivalents		352,208
Trade and other payables		(719,503)
Sales deposits		(846,830)
Loans and borrowings		(1,086,000)
Deferred tax liabilities	15(b)	(213,031)
Total identifiable net assets acquired	(b)	609,865
Cash acquired during the year		352,208
Cash paid during the year		(300,000)
Net cash inflow including in the consolidated cash flow statements		52,208

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique*: The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate.
Property under development and completed properties held for sale	*Market comparison technique*: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

29 ACQUISITION OF A SUBSIDIARY (Continued)

(b) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	RMB'000
Consideration transferred	—
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	311,031
Fair value of pre-existing interests in Jinan Sunshine 100	298,834
Fair value of identifiable net assets (Note (a))	(609,865)
Goodwill	—

30 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the accounts are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

(a) Land appreciation taxes

The PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC which has been included in income tax of the Group. However, the Group has not finalized its land appreciation tax returns with the tax authorities for certain property development projects of the Group. 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 recognizes 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 the income tax and deferred income tax provisions in the period in which such determination is made.

30 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(b) Provision for properties under development and completed properties held for sale

As explained in Note 1(m), the Group's properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the balance sheet dates. Any increase or decrease in the provision would affect profit or loss in future periods.

(c) Recognition and allocation of construction cost on properties under development

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

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future periods.

30 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(d) Impairment for property and equipment

If circumstances indicate that the net book value of a property or equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized to reduce the carrying amount to the recoverable amount in accordance with the accounting policy for impairment of property and equipment as described in Note 1(k)(ii). The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of future income and operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of future income and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(e) Valuation of investment properties

As described in Note 12(a), investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidence of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the balance sheet date or where appropriate, a method of valuation which involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the respective balance sheet dates.

(f) Impairment for loans and receivables

The Group estimates impairment losses for loans and receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the ageing of the loans and receivables balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

30 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(g) Fair value of financial instruments

For financial liabilities designated at fair value through profit or loss, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, maturities credit spreads and historical volatilities. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is estimated based on the risk free interest rate plus credit spread of comparable bonds with similar credit rating, coupons and maturities. Where binomial tree techniques re med to generate contingent payoff w.r.t contractual terms to calculated the fair value of derivatives component in risk-natural environment. Where other pricing models are used, inputs are based on observable market data at each balance sheet date.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

31 PARENT AND ULTIMATE HOLDING COMPANY

As at 31 December 2013, the directors considered that the parent company of the Company is Joywise, a company with limited liability incorporated in the BVI on 8 January 2007. The ultimate holding company is Harvest Well Holding Limited, a company with limited liability incorporated in the BVI on 9 March 2007. These entities do not produce financial statements available for public use.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*	1 January 2014
Amendments to IAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to IAS 36, *impairment of assets — Recoverable amount disclosures for non-financial assets*	1 January 2014
Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*	1 January 2014
IFRIC 21, *Levies*	1 January 2014
Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual improvements to IFRSs 2011–2013 cycle	1 July 2014
IFRS 14, *Regulatory deferred accounts* Basis for conclusions on IFRS 14 Illustrative examples on IFRS 14	1 January 2016
IFRS 9, *Financial instruments* (2009) Basis for conclusions on IFRS 9 (2009) Amendments to other IFRSs and guidance on IFRS 9 (2009)	Unspecified
IFRS 9, *Financial instruments* (2010) Basis for conclusions on IFRS 9 (2010) Implementation guidance on IFRS 9 (2010)	Unspecified
Amendments to IFRS 9, *Financial instruments* and IFRS 7 *Financial instruments: Disclosure — Mandatory effective date and transition disclosures*	Unspecified
IFRS 9, *Financial instruments: Hedge accounting and amendments to IFRS9, IFRS7 and IAS 39 (2013)* Basis for conclusions on IFRS 9 (2013) Implementation guidance on IFRS 9 (2013)	Unspecified

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

The Group is in process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

33 SUBSEQUENT EVENTS

(a) Acquisition of a subsidiary

On 14 January 2014, the Company entered into an agreement to acquire the entire equity interest in Riverside from Riverside 100 Holding A LLC and Riverside 100 Holdings B LLC. From then on, Riverside has been accounted for as a wholly-owned subsidiary of the Group and the loans from Riverside have been swapped into loans from Riverside 100 Holdings A LLC and Riverside 100 Holdings B LLC.

(b) Ordinary share transactions

(i) Split and repurchase of shares

On 16 February 2014, the Company approved a share split by issuing 39,000,000 shares at par value of HKD0.01 each fully paid to Joywise, the parent company of the Company, and repurchase of exsiting 50,000 issued shares at par value of USD1.00 each held by Joywise.

(ii) Initial public offering

On 13 March 2014, the Company issued 500,000,000 shares with a par value of HKD0.01 each, at a price of HKD4.00 per share by way of an initial public offering.

(iii) Conversion of Loans from Riverside

Pursuant to the Revised Liaoning Sunshine 100 Investment Agreements, Further Revised Liaoning Sunshine 100 Investment Agreements and Third Revised Liaoning Sunshine 100 Investment Agreements, in relation to a convertible note issued by the Company, a total amount of RMB358,076,000, the 50% of all amount outstanding multiplied by 125%, the Restoration percentage, were converted into 113,284,988 ordinary shares of the Company at HKD4.00, the IPO price.

(iv) Capitalisation of shares

Pursuant to a resolution of shareholders of the Company dated 17 February 2014, the number of capitalization shares is equal to 1,347,715,012 shares. A sum of HKD13,477,150.12 is capitalized from the amount standing to the credit of the share premium account of the Company and that the said sum is applied in paying up in full at par 1,347,715,012 new capitalization shares. The capitalization shares are allotted on 13 March 2014 and distributed, credited as fully paid at par.