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YANLORD LAND GROUP LIMITED
AND ITS SUBSIDIARIES
(Registration No. 200601911K)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED
DECEMBER 31, 2013

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

CONTENTS

GRP2-SM/2016049-4031851-FS/THL/TBT/JPMH/BL/ZA

The directors present their report together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2013.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Zhong Sheng Jian

Zhong Siliang

Chan Yiu Ling

Hong Zhi Hua

Ronald Seah Lim Siang

Ng Ser Miang

Ng Shin Ein

Ng Jui Ping

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 5 of the Report of the Directors.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap 50 ("Act") except as follows:

	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	At beginning of year	At end of year	At beginning of year	At end of year
The Company				
a) Ordinary shares				
Zhong Sheng Jian [1]	9,067,000	9,067,000	1,278,390,000	1,278,390,000
Zhong Siliang	320,000	320,000	-	-
Chan Yiu Ling [2]	720,000	720,000	25,000	25,000
Hong Zhi Hua [3]	630,000	40,000	-	-
Ronald Seah Lim Siang	20,000	20,000	-	-
Ng Ser Miang	705,000	705,000	-	-
Ng Shin Ein	118,000	118,000	-	-
Ng Jui Ping	100,000	100,000	-	-
b) Convertible notes due 2014 (S$'000)				
Ng Shin Ein	1,000	1,750	-	-
c) Senior notes due 2017 (US$'000)				
Zhong Sheng Jian	2,500	2,500	-	-
Ng Ser Miang	2,000	2,000	-	-
Ng Shin Ein	200	200	-	-

[1] Zhong Sheng Jian is deemed to be interested in 1,278,390,000 (2012 : 1,278,390,000) ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest).

[2] 25,000 shares in the Company held by the spouse of Chan Yiu Ling.

[3] Interest held via nominee account.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

The directors' beneficial interest in other related corporations' shares and debentures were as follows:

Name of directors and companies in which interests are held	Holdings registered in the name of directors At beginning of year	At end of year	Holdings in which directors are deemed to have an interest At beginning of year	At end of year
Immediate holding company				
Yanlord Holdings Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	95,000,000	95,000,000	5,000,000	5,000,000
Related corporations				
(i) Yanlord Capital Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	-	-	1	1
(ii) Yanlord Industries Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	-	-	1	1

By virtue of Section 7 of the Act, Zhong Sheng Jian is deemed to have an interest in the Company and all the related corporations of the Company.

The directors' interests in the shares and senior notes of the Company as at January 21, 2014 were the same as at December 31, 2013.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in these financial statements or the financial statements of the relevant related corporations within the Group, if any. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS AND CONVERTIBLE NOTES

5.1 Yanlord Land Group Share Option Scheme 2006 ("ESOS 2006")

The ESOS 2006 will provide eligible participants with the opportunity to participate in the equity of the Company and motivate them towards better performance through increased dedication and loyalty. The aggregate number of shares that may be issued or issuable under the plan at any time may not exceed 15% of the then issued share capital.

The Remuneration Committee ("RC") comprises 3 independent directors, and they are Ng Jui Ping, Ronald Seah Lim Siang and Ng Shin Ein. The RC administers the ESOS 2006.

Options may be granted to employees and directors of the Company or any of the related entities, which include the subsidiaries or any entities in which the Company holds a substantial ownership interest, including any such employees or directors who are associates of the controlling shareholder. The controlling shareholder is not eligible to participate in the ESOS 2006.

In general, the plan administrator determines the exercise price of an option. The exercise price may be a fixed or variable price related to the fair market value of the ordinary shares. The term of each award will be stated in the award agreement. The term of an award will not exceed 10 years from the date of the grant, or five years from the date of grant in the case of options granted to non-executive directors or employees of related entities other than subsidiaries. In general, the plan administrator determines, or the award agreement specifies, the vesting schedule.

The Board of Directors may at any time amend, suspend or terminate the ESOS 2006. Amendments to the plan are subject to shareholder approval to the extent required by law, or stock exchange rules or regulations. Additionally, shareholder approval is specifically required to increase the number of shares available for issuance under the plan or to extend the term of an option beyond 10 years. Unless terminated earlier, the plan will expire and no further awards may be granted after the tenth anniversary of the shareholder's approval of the plan.

5 SHARE OPTIONS AND CONVERTIBLE NOTES (Cont'd)

This scheme will continue to be in force at the discretion of the RC subject to a maximum period of 10 years commencing on the date the ESOS 2006 was adopted by the Company in general meeting. However, ESOS 2006 may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities that may then be required.

During the financial year, no option was granted under the ESOS 2006.

5.2 Convertible Notes

In year 2009, the Company issued convertible notes due in 2014, details of which are disclosed in Note 23 to the financial statements.

6 OPTIONS EXERCISED

During the financial year, no share of the Company or any corporation in the Group was allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

7 UNISSUED SHARES UNDER OPTIONS

There was no option granted by the Company or any corporation in the Group to any person to take up unissued shares of the Company or any corporation in the Group as at the end of the financial year.

8 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members:

Ronald Seah Lim Siang	Chairman and Lead Independent Director
Ng Jui Ping	Independent Director
Ng Shin Ein	Independent Director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. The functions performed are detailed in the Corporate Governance Statement.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP, Singapore for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

9 AUDITORS

The auditors, Deloitte & Touche LLP, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Zhong Sheng Jian

....
Chan Yiu Ling

March 14, 2014

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 10 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....

Zhong Sheng Jian

....

Chan Yiu Ling

March 14, 2014

Deloitte.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YANLORD LAND GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Yanlord Land Group Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2013, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 101.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

YANLORD LAND GROUP LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 14, 2014

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
December 31, 2013

	Note	GROUP 2013 RMB'000	GROUP 2012 RMB'000	COMPANY 2013 RMB'000	COMPANY 2012 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	757,334	594,202	-	-
Investment properties	8	8,764,770	7,975,200	-	-
Properties for development	9	9,960,451	16,079,251	-	-
Investments in subsidiaries	10	-	-	2,465,544	2,624,468
Investment in an associate	11	-	-	-	-
Investments in jointly controlled entities	12	600,486	335,723	-	-
Non-trade amount due from non-controlling shareholder of subsidiary	13	158,367	-	-	-
Intangible asset	14	613	613	-	-
Deferred tax assets	15	219,707	128,967	-	-
Derivative financial instruments	16	20,402	-	-	-
Total non-current assets		20,482,130	25,113,956	2,465,544	2,624,468
Current assets					
Inventories		40,830	39,527	-	-
Completed properties for sale	9	4,324,410	4,608,540	-	-
Properties under development for sale	9	28,640,895	20,284,446	-	-
Trade receivables		39,213	50,964	-	-
Other receivables and deposits	17	411,268	302,519	3	274
Non-trade amounts due from:					
Subsidiaries	5	-	-	12,785,666	11,037,800
Associate	11	354	213	-	-
Jointly controlled entities	12	230	-	-	-
Non-controlling shareholders of subsidiaries	13	376,380	331,424	-	-
Other related party	6	551	567	-	-
Held-for-trading investment	18	11,056	11,311	-	-
Pledged bank deposits	19	29,643	15,072	-	-
Cash and cash equivalents	19	7,082,045	3,540,577	6,894	2,601
Total current assets		40,956,875	29,185,160	12,792,563	11,040,675
Total assets		61,439,005	54,299,116	15,258,107	13,665,143

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd)
December 31, 2013

	Note	GROUP 2013 RMB'000	GROUP 2012 RMB'000	COMPANY 2013 RMB'000	COMPANY 2012 RMB'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	20	7,261,726	7,261,726	7,261,726	7,261,726
Reserves		10,667,853	9,068,027	(346,090)	(379,663)
Equity attributable to equity holders of the Company		17,929,579	16,329,753	6,915,636	6,882,063
Non-controlling interests		9,928,798	10,353,503	-	-
Total capital and reserves		27,858,377	26,683,256	6,915,636	6,882,063
Non-current liabilities					
Bank loans - due after one year	22	7,535,512	5,869,463	293,138	319,509
Convertible notes	23	-	331,346	-	331,346
Senior notes	24	6,185,391	4,327,818	4,209,800	4,327,818
Deferred tax liabilities	15	1,363,647	1,160,248	-	-
Non-trade amount due to non-controlling shareholders of subsidiaries	13	20,000	216,000	-	-
Total non-current liabilities		15,104,550	11,904,875	4,502,938	4,978,673
Current liabilities					
Bank loans - due within one year	22	3,262,391	2,549,816	-	10,260
Convertible notes	23	326,261	-	326,261	-
Trade payables	25	5,077,788	3,694,139	-	-
Other payables	26	6,608,820	5,219,929	107,009	111,180
Non-trade amounts due to:					
Subsidiary	5	-	-	3,249,140	1,430,704
Ultimate holding company	5	133,741	220,109	133,741	220,109
Directors	6	23,382	32,154	23,382	32,154
Non-controlling shareholders of subsidiaries	13	153,427	1,081,114	-	-
Income tax payable		2,890,268	2,913,724	-	-
Total current liabilities		18,476,078	15,710,985	3,839,533	1,804,407
Total equity and liabilities		61,439,005	54,299,116	15,258,107	13,665,143

See accompanying notes to financial statements.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Financial year ended December 31, 2013

	Note	GROUP 2013 RMB'000	GROUP 2012 RMB'000
Revenue	27	11,280,109	10,301,867
Cost of sales		(7,279,775)	(6,547,313)
Gross profit		4,000,334	3,754,554
Other operating income	28	636,528	1,149,627
Selling expenses		(213,955)	(161,772)
Administrative expenses		(561,472)	(411,353)
Other operating expenses		(3,057)	(29,304)
Finance cost	29	(208,042)	(158,809)
Share of profit (loss) of jointly controlled entities	12	87,632	(5,990)
Profit before income tax		3,737,968	4,136,953
Income tax	30	(1,645,869)	(1,685,187)
Profit for the year	31	2,092,099	2,451,766
Profit attributable to:			
Equity holders of the Company		1,473,753	1,823,498
Non-controlling interests		618,346	628,268
		2,092,099	2,451,766
Earnings per share (cents)	32		
- Basic		75.63	93.57
- Diluted		74.90	89.59

See accompanying notes to financial statements.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial year ended December 31, 2013

	Note	GROUP 2013 RMB'000	GROUP 2012 RMB'000
Profit for the year	31	2,092,099	2,451,766
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference		302,619	(210,975)
Cash flow hedge		4,778	-
Other comprehensive income (expense) for the year		307,397	(210,975)
Total comprehensive income for the year		2,399,496	2,240,791
Total comprehensive income attributable to:			
Equity holders of the Company		1,781,189	1,612,875
Non-controlling interests		618,307	627,916
		2,399,496	2,240,791

See accompanying notes to financial statements.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
Financial year ended December 31, 2013

	Note	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000 (Note 21)	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
GROUP												
Balance at January 1, 2012		7,261,726	(202,149)	408,041	556,575	(1,834,019)	-	(336,814)	8,961,430	14,814,790	9,216,095	24,030,885
Total comprehensive income for the year:												
Profit for the year		-	-	-	-	-	-	-	1,823,498	1,823,498	628,268	2,451,766
Other comprehensive expense for the year		-	(210,623)	-	-	-	-	-	-	(210,623)	(352)	(210,975)
Total		-	(210,623)	-	-	-	-	-	1,823,498	1,612,875	627,916	2,240,791
Transactions with owners, recognised directly in equity:												
Redemption of convertible notes		-	-	(97,496)	-	-	-	-	-	(97,496)	-	(97,496)
Transfer on redemption of convertible notes due 2012	23	-	-	(129,040)	-	-	-	-	129,040	-	-	-
Change of interest in a subsidiary		-	-	-	-	-	-	(416)	-	(416)	(478)	(894)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	-	825,667	825,667
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(315,697)	(315,697)
Appropriations		-	-	-	225,398	-	-	-	(225,398)	-	-	-
Total		-	-	(226,536)	225,398	-	-	(416)	(96,358)	(97,912)	509,492	411,580
Balance at December 31, 2012		7,261,726	(412,772)	181,505	781,973	(1,834,019)	-	(337,230)	10,688,570	16,329,753	10,353,503	26,683,256

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
Financial year ended December 31, 2013

	Note	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000 (Note 21)	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
GROUP												
Balance at January 1, 2013		7,261,726	(412,772)	181,505	781,973	(1,834,019)	-	(337,230)	10,688,570	16,329,753	10,353,503	26,683,256
Total comprehensive income for the year:												
Profit for the year		-	-	-	-	-	-	-	1,473,753	1,473,753	618,346	2,092,099
Other comprehensive income for the year		-	302,658	-	-	-	4,778	-	-	307,436	(39)	307,397
Total		-	302,658	-	-	-	4,778	-	1,473,753	1,781,189	618,307	2,399,496
Transactions with owners, recognised directly in equity:												
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	400	400
Return of non-controlling shareholder's share of reserves		-	-	-	-	-	-	-	-	-	(432,030)	(432,030)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	-	62,298	62,298
Dividends	33	-	-	-	-	-	-	-	(181,363)	(181,363)	-	(181,363)
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(673,680)	(673,680)
Appropriations		-	-	-	181,745	-	-	-	(181,745)	-	-	-
Total		-	-	-	181,745	-	-	-	(363,108)	(181,363)	(1,043,012)	(1,224,375)
Balance at December 31, 2013		7,261,726	(110,114)	181,505	963,718	(1,834,019)	4,778	(337,230)	11,799,215	17,929,579	9,928,798	27,858,377

See accompanying notes to financial statements.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
Financial year ended December 31, 2013

	Note	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
COMPANY						
Balance at January 1, 2012		7,261,726	(151,630)	408,041	(435,433)	7,082,704
Total comprehensive expense for the year:						
Loss for the year		-	-	-	(416,912)	(416,912)
Other comprehensive income for the year		-	313,767	-	-	313,767
Total		-	313,767	-	(416,912)	(103,145)
Total transaction with owners, recognised directly in equity:						
Redemption of convertible notes		-	-	(97,496)	-	(97,496)
Transfer on redemption of convertible notes due 2012	23	-	-	(129,040)	129,040	-
Total		-	-	(226,536)	129,040	(97,496)
Balance at December 31, 2012		7,261,726	162,137	181,505	(723,305)	6,882,063
Total comprehensive expense for the year:						
Profit for the year		-	-	-	666,155	666,155
Other comprehensive expense for the year		-	(451,219)	-	-	(451,219)
Total		-	(451,219)	-	666,155	214,936
Dividends, representing total transaction with owners, recognised directly in equity	33	-	-	-	(181,363)	(181,363)
Balance at December 31, 2013		7,261,726	(289,082)	181,505	(238,513)	6,915,636

See accompanying notes to financial statements.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial year ended December 31, 2013

	GROUP 2013 RMB'000	GROUP 2012 RMB'000
Operating activities		
Profit before income tax	3,737,968	4,136,953
Adjustments for:		
Allowance for doubtful debts and bad debts written off	41	-
Depreciation expense	35,418	34,994
Dividend income from available-for-sale investment	-	(30,157)
Dividend income from held-for-trading investment	(209)	(213)
Fair value gain on investment properties	(572,058)	(664,424)
Fair value gain on held-for-trading investment	(71)	(6,619)
Finance cost	208,042	158,809
Gain on put option written off	-	(5,187)
Interest income	(42,062)	(37,659)
Loss on redemption on convertible notes	-	8,198
Net loss (gain) on disposal of property, plant and equipment	111	(14,134)
Net (gain) loss on disposal of investment properties	(1,091)	16,437
Net gain on disposal of available-for-sale investment	-	(129,946)
Payable written off	-	(10,774)
Waiver of interest expense	-	(27,430)
Share of (profit) loss of jointly controlled entities	(87,632)	5,990
Operating cash flows before movements in working capital	3,278,457	3,434,838
Properties for development	(3,191,695)	(2,513,647)
Inventories	(1,152)	(26,700)
Completed properties for sale	2,674,828	753,610
Properties under development for sale	(1,650,760)	1,380,643
Trade and other receivables and deposits	(68,432)	(79,915)
Trade and other payables	2,734,574	1,779,127
Cash generated from operations	3,775,820	4,727,956
Interest paid	(1,129,219)	(1,180,576)
Income tax paid	(1,556,699)	(1,399,307)
Net cash from operating activities	1,089,902	2,148,073

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)
Financial year ended December 31, 2013

	Note	GROUP 2013 RMB'000	GROUP 2012 RMB'000
Investing activities			
Acquisition of a subsidiary		327	-
Investments in jointly controlled entities		(177,131)	-
Dividend received from available-for-sale investment		-	30,157
Dividend received from held-for-trading investment		209	213
Interest received		28,458	28,233
Increase in pledged bank deposits		(14,571)	(9,980)
Proceeds on disposal of property, plant and equipment		9,066	21,413
Proceeds on disposal of investment properties		20,025	80,568
Proceeds on disposal of available-for-sale investment		-	179,294
Purchase of property, plant and equipment		(100,600)	(72,878)
Payment for investment properties		(139,127)	(87,723)
Advance to an associate		(136)	(89)
Advance to jointly controlled entities		(230)	-
(Advance to) Repayment from non-controlling shareholders of subsidiaries		(142,109)	309,187
Net cash (used in) from investing activities		(515,819)	478,395
Financing activities			
Dividend paid	33	(181,363)	-
Dividends paid to non-controlling shareholders of subsidiaries		(625,823)	(500,922)
Net proceeds on issue of senior notes		1,969,864	-
Proceeds from bank loans		7,550,165	4,665,188
Repayment of bank loans		(5,097,558)	(6,576,691)
Redemption of convertible notes		-	(1,635,034)
(Repayment to) Advance from directors		(7,989)	28,362
(Repayment to) Advance from ultimate holding company		(76,901)	219,578
Repayment to non-controlling shareholders of subsidiaries		(228,607)	(198,561)
Cash (withdrawal) injection from non-controlling shareholders of subsidiaries		(369,732)	825,667
Net cash from (used in) financing activities		2,932,056	(3,172,413)
Net increase (decrease) in cash and cash equivalents		3,506,139	(545,945)
Cash and cash equivalents at beginning of year	19	3,540,577	4,273,644
Effect of exchange rate changes on the balance of cash held in foreign currencies		35,329	(187,122)
Cash and cash equivalents at end of year	19	7,082,045	3,540,577

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 200601911K) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Temasek Boulevard, #36-02 Suntec Tower Two, Singapore 038989. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Renminbi ("RMB").

The principal activity of the Company is to carry on the business of an investment holding company and procurer of funds.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2013 were authorised for issue by the Board of Directors on March 14, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2013, the Group adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective from that date and are relevant to its operations. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below:

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

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year. Under the amendments to FRS 1, the Group grouped items of other comprehensive income under "items that may be reclassified subsequently to profit or loss" in the other comprehensive income section. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to FRS 107 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. The Group has presented the effects of its offsetting arrangements in Note 4(b) to the financial statements. Aside from the additional disclosures, the application of the amendments has had no material impact on the amounts recognised in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following new / revised FRSs, and amendments to FRS are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 110, FRS 111, FRS 112 *Transition Guidance*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*
- Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

Consequential amendments were also made to various standards as a result of these new / revised standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with full retrospective application subject to transitional provisions.

When the Group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or a joint venture, depending on the rights and obligations of the parties to the joint arrangement. For arrangements that are joint ventures and were previously proportionately consolidated as jointly controlled entities, the Group will have to adopt equity accounting.

The Group is currently estimating the effects of FRS 111 on its joint arrangements in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014, and the Group expects expanded disclosures relating to its interests in subsidiaries, associates and joint arrangements upon adoption of FRS 112.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

The management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off on the statement of financial position.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rates used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - The acquisition of subsidiaries from a common controlling shareholder is accounted for using the merger accounting method. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The acquisition of subsidiaries from a party other than a common controlling shareholder is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

Financial assets are classified as at FVTPL where the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

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

FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4(c) (vi).

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity reserve, net of income tax effects, and is not subsequently remeasured.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity reserve until the embedded option is exercised in which case the balance stated in equity reserve will be transferred to share capital. When the conversion option remains unexercised at the expiry date or the maturity date of the convertible notes, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiry of the option.

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 16 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments of derivatives as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

Note 16 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 21.

Cash flow hedge

The effective portion of changes in fair value of derivatives that are designed and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gain and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the consolidated statement of profit or loss and consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term on the same basis as the leased income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

PROPERTIES FOR DEVELOPMENT - Properties for development are mainly vacant leasehold land for future development in respect of which physical construction is not expected to commence within twelve months from the end of the reporting period. They are stated at cost less allowance for any impairment in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROPERTIES UNDER DEVELOPMENT FOR SALE - Properties under development for sale are stated at lower of cost or estimated net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties for sale.

Properties under development for sale include properties in respect of which concrete planning and preparatory activities have been approved by management and have commenced, and physical construction is expected to commence within twelve months from the end of the reporting period.

COMPLETED PROPERTIES FOR SALE - Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of construction costs and borrowing costs incurred during the period of construction.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than construction-in-progress, over their estimated useful lives, using the straight-line method on the following bases:

Leasehold land and buildings	-	2% to 5%
Motor vehicles	-	10% to 25%
Furniture, fixtures and equipment	-	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of a property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INVESTMENT PROPERTIES - Investment properties are properties held to earn rental income and / or for capital appreciation and properties under construction for such purposes. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Where there is an inability to determine fair value reliably when comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, the investment property is measured at cost.

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

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date.

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INTANGIBLE ASSET - This relates to a club membership held on a long-term basis and is stated at cost less any impairment loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investment properties carried at fair value, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are not recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

INTERESTS IN JOINTLY CONTROLLED ENTITIES - A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The results, assets and liabilities of the jointly controlled entities are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in the jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any impairment in the value of individual investments.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entities.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

MERGER DEFICIT - Merger deficit arises from combination of entities under common control accounted for using merger accounting method (see "Business Combinations"). The merger reserve represents the difference between the aggregate nominal amounts of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition.

STATUTORY RESERVE - Statutory reserve represents the amount transferred from profit after tax of the subsidiaries incorporated in the PRC (excluding Hong Kong) in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount towards setting off any accumulated losses or increasing capital.

OTHER RESERVE - The negative balance in other reserve represents the net excess of purchase consideration over the carrying amount of non-controlling interests acquired in the subsidiaries at the date of acquisition.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable.

Sale of properties developed

Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from buyers for sales of properties and are classified as current liabilities.

Rendering of services

Management fee income and service income are recognised over the period when services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

GOVERNMENT SUBSIDIES - Government subsidies are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the subsidies will be received. Government subsidies are recognised as income over the periods necessary to match them with the related costs. Government subsidies related to expense items are recognised in the same period as those expenses are charged to the profit or loss and are reported separately as "other operating income".

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged as expense when incurred.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The presentation currency for the consolidated financial statements of the Group and the statement of financial position of the Company is RMB.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the entities in the Group which do not have RMB as the functional currency (including comparatives) are expressed in RMB using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of an operation are treated as assets and liabilities of that operation and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

Taxation

The Group accounts for income taxes under the provisions of FRS 12 *Income Taxes*. The Group has recorded deferred tax assets on tax loss of RMB520 million (2012 : RMB264 million) because the management believes it is more likely than not that such tax loss can be utilised (Note 15). Should future taxable profits not be sufficient to utilise the tax losses, an adjustment to the Group's deferred tax assets would decrease the Group's income in the period where such determination is made. Likewise, if the management determines that the Group is able to utilise all or part of the Group's tax loss of RMB460 million (2012 : RMB335 million), which is currently not expected to be utilised in the future, it would result in future recognition of additional deferred tax assets and increase the Group's income after tax in the period where such determination is made. The Group records deferred tax using the balance sheet liability method at the rates that have been enacted by the end of the reporting period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Land Appreciation Tax ("LAT")

Income from sale of properties in the PRC is subject to LAT at progressive rates under the PRC tax laws and regulations. The management estimates and provides for LAT in accordance with the PRC tax laws and regulations. However, prior to October 1, 2006, the Group has not been levied any LAT for the sale of properties located in Shanghai Pudong New District.

The management, after taking into consideration its due diligence procedures, as described in Note 30, considers the provision of LAT to be adequate.

Classification of properties for development and properties under development for sale

The classification of properties for development and properties under development for sale is dependent on the management's judgement, taking into consideration the actual and projected development schedule of the property development projects. As at December 31, 2013, the carrying amounts of properties for development and properties under development for sale are RMB9.960 billion (2012 : RMB16.079 billion) and RMB28.641 billion (2012 : RMB20.284 billion) respectively. Management considers the classification between properties for development and properties under development for sale to be appropriate after taking into consideration the development status of the project as well as the viability of the planned development schedule.

Key sources of estimation uncertainty

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

Carrying amounts of properties for development, completed properties for sale and properties under development for sale

The aggregate carrying amount of these properties totalled RMB42.926 billion as at December 31, 2013 (2012 : RMB40.972 billion), details of which are disclosed in Note 9. They are stated at cost less allowance for impairment in value or at the lower of cost and estimated net realisable values, assessed on an individual project basis.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

Valuation of investment properties

As disclosed in Note 8, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of the existing and reversionary rental income potential.

The estimated value from capitalisation of the existing and reversionary rental income potential is used as an estimate of fair value, and the estimate is dependent on several variable parameters and projections including projected rental income, occupancy, rental yield, discount rate and terminal yield.

Any change in the variable parameters and projections will result in change in fair value estimate for the investment properties which can potentially be significant.

In relying on the independent professional valuation report, management considered the method of valuation and the Group's marketing strategy and is of the view that the estimated values are reasonable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Fair value through profit or loss:				
Held-for-trading investment	11,056	11,311	-	-
Derivative financial instruments:				
In designated hedge accounting relationships	20,402	-	-	-
Loans and receivables (including cash and cash equivalents)	7,833,872	4,057,757	12,792,560	11,040,401
Financial liabilities				
Amortised cost	23,250,314	18,784,452	8,342,471	6,783,080

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

Financial assets

Type of financial asset	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	RMB'000	RMB'000	RMB'000
GROUP			
2013			
Non-trade amounts due from non-controlling shareholders of subsidiaries	1,023,946	(489,199)	534,747
2012			
Non-trade amounts due from non-controlling shareholders of subsidiaries	821,443	(490,019)	331,424

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

Financial liabilities

Type of financial liability	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
	RMB'000	RMB'000	RMB'000
GROUP			
2013			
Non-trade amounts due to non-controlling shareholders of subsidiaries	662,626	(489,199)	173,427
2012			
Non-trade amounts due to non-controlling shareholders of subsidiaries	1,787,133	(490,019)	1,297,114

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group does not have any related amounts subject to enforceable master netting arrangements and similar arrangements which have not been set off in the statement of financial position.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) *Financial risk management policies and objectives*

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The Group uses derivative financial instruments to manage its exposure to foreign currency risk relating to its foreign currency denominated senior notes.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group enters into transactions in various foreign currencies, including the United States ("US") dollar, Hong Kong ("HK") dollar, Singapore ("SG") dollar and Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US dollars	6,425,705	5,352,435	681,837	162,628	5,723,702	5,012,347	114	139
HK dollars	979,990	1,238,819	49,158	187,417	35,047	239,953	39	237
SG dollars	12,997,403	11,297,300	725,480	738,457	-	-	-	-
RMB	3,101,627	-	1,328,095	21,905	1,114,550	-	4,229	77

Further details on the derivative financial instruments are found in Note 16 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 3% increase in the exchange rate of the functional currency of each entity of the Group against the relevant foreign currencies. 3% is the sensitivity rate used by key management personnel in assessing foreign currency risk and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans, cash and cash equivalents, held-for-trading investment, as well as intercompany loans within the Group where they gave rise to an impact on the Group's profit or loss and / or other equity. A positive number below indicates an increase in profit before income tax and other equity when the functional currency of each Group entity strengthens by 3% against the relevant foreign currencies.

For a 3% weakening of the functional currency of each Group entity against the relevant foreign currencies, there would be an equal and opposite impact on the profit before income tax and other equity.

	US dollar impact		HK dollar impact		SG dollar impact		RMB impact	
	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GROUP								
Increase (Decrease) in profit before income tax [(1)]	125,933	134,036	27,252	30,623	5,845	7,285	(5,093)	(2)
Increase (Decrease) in other equity	41,364	17,123	(140)	-	351,590	300,254	(793)	(636)
COMPANY								
Increase (Decrease) in profit before income tax	166,706	145,987	1,020	6,952	-	-	32,339	(2)

[(1)] Excludes the foreign currency impact on RMB denominated senior notes due in 2016 as a result of the effects of adopting hedge accounting.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

The Group's sensitivity to US dollar exchange rate has increased during the current year due to the increase in US dollar denominated net liabilities at the current year end as compared with the preceding year end. The Group's sensitivity to HK dollar exchange rate has decreased during the current year due to the decrease in HK dollar denominated non-trade amount due to the ultimate holding company at the current year end as compared with the preceding year end. The Group's sensitivity to SG dollar exchange rate has increased during the current year due to the increase in SG dollar denominated net liabilities at the current year end as compared with the preceding year end. The Group's sensitivity to RMB exchange rate has increased during the current year due to the increase in RMB denominated net liabilities at the current year end as compared with the preceding year end.

The Company's sensitivity to US dollar exchange rate has increased during the current year mainly due to the increase in US dollar denominated non-trade amount due to a subsidiary at current year end as compared with the preceding year end. The Company's sensitivity to HK dollar exchange rate has decreased during the current year mainly due to the decrease in HK dollar denominated non-trade amounts due to a subsidiary and the ultimate holding company at the current year end as compared with the preceding year end. The Company's sensitivity to RMB exchange rate has increased during the current year mainly due to the increase in RMB denominated non-trade amount due to a subsidiary at the current year end as compared with the preceding year end.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to obtain fixed rate borrowings to reduce volatility. However, it may borrow at variable rates when considered economical to do so.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the possible change in interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- Profit before income tax for the year ended December 31, 2013 would decrease / increase respectively by RMB109 million (2012 : decrease / increase respectively by RMB86 million). The Group's sensitivity to interest rates has increased during the current year due to the increase in the carrying amount of variable rate debt instruments.

- It is the Group's accounting policy to capitalise borrowing costs relevant to property development. Hence, the above mentioned interest rate fluctuation may not fully impact the profit in the year where interest expense is incurred and capitalised but may affect profit in future financial years.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2013 would decrease / increase respectively by RMB4 million (2012 : decrease / increase respectively by RMB6 million). The Company's sensitivity to interest rates has decreased during the current year mainly due to the decrease in variable rate debt instruments.

(iii) Equity price risk management

The Group is exposed to equity price risk arising from equity investment classified as held-for-trading.

Further details of equity investments can be found in Note 18 to the financial statements.

The management is of the view that the equity price risk is not significant for the Group due to the relatively small amount of such investments carried. Hence no price sensitivity analysis is presented.

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are fully settled concurrent with delivery of properties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for non-trade amounts due from non-controlling shareholders of subsidiaries. Part of the amounts due from non-controlling interests are covered by undistributed retained earnings of the subsidiary yet to be distributed as dividends and future earnings that are expected to be distributed by the subsidiary to the non-controlling shareholders (Note 13). Information on credit risk relating to other receivables are disclosed in Note 17. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses; and (ii) credit risk relating to guarantees of approximately RMB1.565 billion (2012 : RMB2.436 billion) to banks for the benefit of the Group's customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties, as elaborated in Note 37 to the financial statements.

(v) Liquidity risk management

The Group maintains cash and cash equivalents, obtains external bank loans and issues convertible notes and senior notes with staggered repayment dates. The Group also minimises liquidity risk by keeping committed credit lines available. At December 31, 2013, the Group had available RMB9.915 billion (2012 : RMB1.832 billion) of undrawn committed bank credit facilities in respect of which all precedent conditions had been met.

In managing liquidity risk, the management prepares cash flow forecasts using various assumptions and monitors the cash flows of the Group.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
GROUP							
2013							
Non-interest bearing		5,788,605	20,000	-	-	-	5,808,605
Variable interest rate instruments	6.4	3,598,046	2,419,935	4,592,651	2,407,216	(2,098,057)	10,919,791
Fixed interest rate instruments	9.4	345,448	-	6,267,830	-	(91,360)	6,521,918
Total		9,732,099	2,439,935	10,860,481	2,407,216	(2,189,417)	23,250,314
2012							
Non-interest bearing		5,271,436	20,000	-	-	-	5,291,436
Variable interest rate instruments	6.1	2,905,316	4,197,065	1,435,433	1,415,342	(1,339,346)	8,613,810
Fixed interest rate instruments	10.7	24,066	577,983	1,885,650	2,514,200	(122,693)	4,879,206
Total		8,200,818	4,795,048	3,321,083	3,929,542	(1,462,039)	18,784,452

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

In 2013, the maximum amount that the Group could be obliged to settle under the financial guarantee contracts related to bank loans of buyers is RMB1.565 billion (2012 : RMB2.436 billion) (Note 37). The earliest period that the guarantees could be called is within 1 year (2012 : 1 year) from the end of the reporting period. As mentioned in Note 37, the management considers that the likelihood of these guarantees being called upon is low.

In 2013, the maximum contingent amount that the Company could be obliged to settle under the financial guarantee contracts related to senior notes issued by a subsidiary, loan facilities granted to subsidiaries and an interest-free current advance to a subsidiary is RMB4.135 billion (2012 : RMB2.359 billion) (Note 37). Out of the maximum contingent amount of RMB4.135 billion (2012 : RMB2.359 billion), RMB3.842 billion (2012 : RMB2.011 billion) is jointly guaranteed by the Company and five of its subsidiaries. The earliest period that the guarantees could be called is within 1 year (2012 : 1 year) from the end of the reporting period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
COMPANY							
2013							
Non-interest bearing		3,381,118	-	-	-	-	3,381,118
Variable interest rate instruments	5.3	134,533	12,450	340,613	-	(62,304)	425,292
Fixed interest rate instruments	10.9	334,915	-	4,267,830	-	(66,684)	4,536,061
Total		3,850,566	12,450	4,608,443	-	(128,988)	8,342,471
2012							
Non-interest bearing		1,575,574	-	-	-	-	1,575,574
Variable interest rate instruments	4.0	233,748	353,377	-	-	(38,783)	548,342
Fixed interest rate instruments	10.9	-	356,503	1,885,650	2,514,200	(97,189)	4,659,164
Total		1,809,322	709,880	1,885,650	2,514,200	(135,972)	6,783,080

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flows will occur in a different period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years RMB'000	Adjustments RMB'000	Total RMB'000
GROUP						
2013						
Non-interest bearing		6,280,867	4,367	-	-	6,285,234
Variable interest rate instruments	6.0	99,754	-	-	(5,646)	94,108
Fixed interest rate instruments	2.4	1,337,078	173,096	-	(44,588)	1,465,586
Total		7,717,699	177,463	-	(50,234)	7,844,928
2012						
Non-interest bearing		3,322,245	-	-	-	3,322,245
Variable interest rate instruments	6.1	94,097	-	-	(5,410)	88,687
Fixed interest rate instruments	2.4	674,106	-	-	(15,970)	658,136
Total		4,090,448	-	-	(21,380)	4,069,068

In 2013 and 2012, the Company's non-derivative financial assets are mainly non-interest bearing with expected maturity within a year.

Derivative financial instruments

The Group's derivative financial instruments comprise of cross currency swaps (Note 16) amounting to RMB20 million (2012 : RMB Nil) with contracted cash flows due more than 2 years to 5 years.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(vi) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets	Fair value as at 2013 RMB'000	Fair value as at 2012 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
GROUP						
Held-for-trading investment	11,056	11,311	Level 1	Quoted bid prices in an active market	N/A	N/A
Cross currency swap	20,402	-	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

The Company had no financial assets or liabilities carried at fair value in 2013 and 2012.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

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

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
GROUP				
Financial Liabilities				
Convertible notes	326,261	325,452	331,346	342,777
Senior notes	6,185,391	6,592,426	4,327,818	4,905,833
COMPANY				
Financial Liabilities				
Convertible notes	326,261	325,452	331,346	342,777
Senior notes	4,209,800	4,619,926	4,327,818	4,905,833

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
GROUP				
2013				
Financial Liabilities				
Convertible notes	-	325,452	-	325,452
Senior notes	-	6,592,426	-	6,592,426
2012				
Financial Liabilities				
Convertible notes	-	342,777	-	342,777
Senior notes	-	4,905,833	-	4,905,833
COMPANY				
2013				
Financial Liabilities				
Convertible notes	-	325,452	-	325,452
Senior notes	-	4,619,926	-	4,619,926
2012				
Financial Liabilities				
Convertible notes	-	342,777	-	342,777
Senior notes	-	4,905,833	-	4,905,833

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

Financial instruments measured at fair value based on Level 3

	Derivative financial instruments RMB'000
GROUP AND COMPANY	
At January 1, 2012	(27,220)
Total gains or losses in profit or loss	27,785
Total gains or losses in other comprehensive income	(565)
At December 31, 2012 and December 31, 2013	-

(d) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as total debt less cash and cash equivalents divided by equity. Total debt include bank loans, convertible notes, senior notes and certain non-trade amounts due to non-controlling shareholders of subsidiaries and ultimate holding company. Equity for this purpose comprises equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits, as well as non-controlling interests as shown in the consolidated statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

The net debt to equity ratio as at December 31, 2013 and 2012 were as follows:

	GROUP	
	2013 RMB'000	2012 RMB'000
Total debt	17,531,943	13,586,041
Cash and cash equivalents	(7,082,045)	(3,540,577)
Net debt	10,449,898	10,045,464
Equity	27,858,377	26,683,256
Net debt to equity ratio	37.5%	37.6%

The Group's overall strategy remains unchanged from 2012. In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreements in respect of senior notes issued by the Company and its subsidiary and borrowings with the financial institutions providing the facilities to the Group.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Yanlord Holdings Pte. Ltd., incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (Cont'd)

During the year, the Group and the Company entered into the following transactions with its ultimate holding company:

	GROUP AND COMPANY	
	2013	2012
	RMB'000	RMB'000
Interest expense to ultimate holding company (Note 29)	3,429	1,534

Non-trade amount due to ultimate holding company is unsecured and repayable on demand. Non-trade amount due to ultimate holding company amounting to RMB132 million (2012 : RMB125 million and RMB94 million) bears floating interest rate of SIBOR plus 1.5% per annum (2012 : HIBOR plus 1.6% per annum and cost of funds of the bank plus 1.5% per annum respectively).

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

	GROUP	
	2013	2012
	RMB'000	RMB'000
Sale of properties to key management personnel and close members of their families	(13,494)	(9,191)
Waiver of interest expense from a company in which a director has control over	-	(27,430)
Other income from jointly controlled entities	(2,667)	(1,703)
Rental expenses to a director and a company in which the director has control over	9,288	9,054

6 OTHER RELATED PARTY TRANSACTIONS (Cont'd)

At the end of the reporting period, the Group has outstanding commitments of RMB12 million (2012 : RMB21 million) to a director and a company in which the director has control over, under non-cancellable operating leases in respect of land and buildings for its office premises and staff accommodation. The Group has contracted with a jointly controlled entity for future minimum lease receipts of RMB2 million (2012 : RMB2 million).

At the end of the reporting period, the Group has pre-sales of properties totaling RMB10 million (2012 : RMB Nil) to key management and close members of their families. As at December 31, 2013, advances amounting to RMB0.5 million (2012 : RMB0.1 million) have been received from key management and close members of their families in relation to the pre-sales of properties.

As at December 31, 2013, a bank loan of the Company amounting to RMB293 million (2012 : RMB330 million) drawn for general working capital of the Group is secured by a legal charge extended by the Company's ultimate holding company and a personal guarantee from a director.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	2013	2012
	RMB'000	RMB'000
Short-term benefits	51,780	42,861
Post-employment benefits	711	844
	52,491	43,705

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
GROUP					
Cost:					
At January 1, 2012	187,589	73,209	109,883	535,808	906,489
Additions	-	5,831	35,453	31,594	72,878
Reclassification	1,390	-	-	(1,390)	-
Disposals	(5,357)	(2,616)	(16,516)	-	(24,489)
Transfer to properties for development	-	-	-	(201,443)	(201,443)
At December 31, 2012	183,622	76,424	128,820	364,569	753,435
Additions	1,021	11,567	13,096	184,040	209,724
Acquisition of a subsidiary	-	-	107	-	107
Reclassification	488	-	456	(944)	-
Disposals	(11,847)	(6,365)	(792)	-	(19,004)
Exchange difference	-	(12)	(14)	-	(26)
At December 31, 2013	173,284	81,614	141,673	547,665	944,236
Accumulated depreciation:					
At January 1, 2012	30,012	44,139	63,870	-	138,021
Depreciation for the year	6,837	9,208	22,377	-	38,422
Eliminated on disposals	(232)	(1,472)	(15,506)	-	(17,210)
At December 31, 2012	36,617	51,875	70,741	-	159,233
Depreciation for the year	6,339	8,509	22,645	-	37,493
Acquisition of a subsidiary	-	-	24	-	24
Eliminated on disposals	(3,810)	(5,991)	(26)	-	(9,827)
Exchange difference	-	(13)	(8)	-	(21)
At December 31, 2013	39,146	54,380	93,376	-	186,902
Carrying amount:					
At end of year	134,138	27,234	48,297	547,665	757,334
At beginning of year	147,005	24,549	58,079	364,569	594,202

In 2013, depreciation for the year includes an amount of RMB2 million (2012 : RMB3 million) capitalised in the Group's properties for development and properties under development for sale. The carrying amount of construction-in-progress pledged to banks to secure bank loans is disclosed in Note 22.

8 INVESTMENT PROPERTIES

	GROUP 2013 RMB'000	GROUP 2012 RMB'000
At fair value:		
Balance as at beginning of year	7,975,200	7,079,370
Additions	139,127	87,723
Transfer from properties for development	-	181,390
Transfer from properties under development for sale	97,319	-
Change in fair value (Notes 28 and 31)	572,058	664,424
Disposals	(18,934)	(37,707)
Balance as at end of year	8,764,770	7,975,200

The fair value of investment properties at December 31, 2013 and 2012 have been determined on the basis of valuations carried out at the respective year end dates by an independent valuer having recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the direct comparison approach and the income capitalisation approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value as at December 31, 2013 RMB'000
GROUP				
Investment properties located in the PRC	-	-	8,764,770	8,764,770

There were no transfers between the respective levels during the year.

8 INVESTMENT PROPERTIES (Cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31, 2013 RMB'000	Valuation technique(s)	Significant unobservable input(s)	Range
Completed investment properties	7,223,270	Direct comparison approach	price per square meter [1]	RMB8,600 - RMB37,500
		Income capitalisation approach	market rent per square meter per month [1]	RMB44 - RMB270
			capitalisation rate [2]	5.5% - 9.5%
Car parking spaces	409,200	Direct comparison approach	price per unit [1]	RMB62,000 - RMB230,000
Investment properties under construction	1,132,300	Residual approach	price per square meter [1]	RMB26,830 - RMB40,600

[1] Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

[2] Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

The carrying amounts of investment properties pledged to banks to secure the bank loans granted to the Group are disclosed in Note 22.

The rental income earned by the Group from its investment properties amounted to RMB427 million (2012 : RMB358 million). Direct operating expenses arising on the investment properties in the year amounted to RMB4 million (2012 : RMB1 million).

9 PROPERTIES FOR DEVELOPMENT / COMPLETED PROPERTIES FOR SALE / PROPERTIES UNDER DEVELOPMENT FOR SALE

	GROUP	
	2013 RMB'000	2012 RMB'000
At cost:		
Properties for development (Non-current assets)	9,960,451	16,079,251
Completed properties for sale (Current assets)	4,324,410	4,608,540
Properties under development for sale (Current assets)	28,640,895	20,284,446
	42,925,756	40,972,237

Properties for development, completed properties for sale and properties under development for sale are located in the PRC.

Up to the end of the reporting period, total interest capitalised are as follows:

	GROUP	
	2013 RMB'000	2012 RMB'000
Properties for development	344,211	640,765
Completed properties for sale	333,580	324,175
Properties under development for sale	1,770,923	1,181,171

The carrying amounts of properties pledged to banks to secure bank loans granted to the Group are disclosed in Note 22.

10 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2013 RMB'000	2012 RMB'000
Unquoted equity shares, at cost	2,465,544	2,624,468

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by the Company				
Yanlord Commercial Property Investments Pte. Ltd. [a] 仁恒商业地产投资有限公司	Singapore	100	100	Investment holding
Yanlord Land Pte. Ltd. [a] 仁恒置地有限公司	Singapore	100	100	Investment holding
Yanlord Land (HK) Co., Ltd. [b] 仁恒地产(香港)有限公司	Hong Kong	100	100	Management service
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Palovale Pte Ltd [a] 柏龙威有限公司	Singapore	67	67	Investment holding
Yanlord Ho Bee Investments Pte. Ltd. [1] [a] 仁恒和美投资有限公司	Singapore	50	50	Investment holding
Yanlord Property Pte. Ltd. [a] 仁恒地产有限公司	Singapore	60	60	Investment holding
Yanlord Real Estate Pte. Ltd. [a] 仁恒置业发展有限公司	Singapore	95	95	Investment holding
East Hero Investment Ltd. [b] 东亨投资有限公司	Hong Kong	100	100	Investment holding

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Singapore Yanlord Land (HK) Ltd. [b] 新加坡仁恒地产(香港)有限公司	Hong Kong	100	100	Management service
Chengdu Everrising Asset Management Co., Ltd. [b] 成都市恒业东升资产经营管理有限公司	PRC	51	51	Property development and investment
Chengdu Yanlord Investment Management Co., Ltd. [b] 成都仁恒投资管理有限公司	PRC	100	100	Management service and investment
Chengdu Yanlord Property Management Co., Ltd. [b] 成都仁恒物业管理有限公司	PRC	100	100	Property management
Yanlord Hotel Management (Chengdu) Co., Ltd. [2] [b] 仁恒酒店管理(成都)有限公司	PRC	100	-	Hotel and serviced apartment management
Yanlord Land (Chengdu) Co., Ltd. [b] 仁恒置地(成都)有限公司	PRC	100	100	Property development
Yanlord Real Estate (Chengdu) Co., Ltd. [b] 仁恒置业(成都)有限公司	PRC	70	70	Property development and management
Guiyang Yanlord Property Management Co., Ltd. [b] 贵阳仁恒物业管理有限公司	PRC	100	100	Property management
Nanjing Renyuan Investment Co., Ltd. [2] [b] 南京仁远投资有限公司	PRC	100	-	Management service and investment
Nanjing Yanlord Garden Co., Ltd. [b] 南京仁恒园林有限公司	PRC	100	100	Landscaping and gardening

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Nanjing Yanlord Hotel Management Co., Ltd. [b] 南京仁恒酒店管理有限公司	PRC	100	100	Hotel and serviced apartment management
Nanjing Yanlord Jiangzhou Property Development Co., Ltd. [2][b] 南京仁恒江洲房地产有限公司	PRC	100	-	Property development and management
Nanjing Yanlord Property Management Co., Ltd. [b] 南京仁恒物业管理有限公司	PRC	100	100	Property management
Nanjing Yanlord Real Estate Co., Ltd. [b] 南京仁恒置业有限公司	PRC	60	60	Property development
Nanjing Yanlord Tourism Development Co., Ltd. [2][b] 南京仁恒旅游发展有限公司	PRC	100	-	Tourism investment and asset management
Yanlord Investment (Nanjing) Co., Ltd. [b] 仁恒投资(南京)有限公司	PRC	100	100	Property development and investment
Shenzhen Long Wei Xin Investment Co., Ltd. [b] 深圳市龙威信投资实业有限公司	PRC	75	75	Property development
Shenzhen Yanlord Property Management Co., Ltd. [b] 深圳市仁恒物业管理有限公司	PRC	100	100	Property management
Yanlord Land (Shenzhen) Co., Ltd. [b] 仁恒置地(深圳)有限公司	PRC	100	100	Property development and management

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10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Shanghai Hong Ming Ge Food & Beverage Service Management Co., Ltd. [b] 上海宏名阁餐饮服务管理有限公司	PRC	60	60	Restaurant operation
Shanghai Pudong New District Private Yanlord Kindergarten [3][b] 上海市浦东新区民办仁恒幼儿园	PRC	50	50	Kindergarten operation
Shanghai Renjie Hebin Garden Property Co., Ltd. [b] 上海仁杰河滨园房地产有限公司	PRC	51	51	Property development
Shanghai Renpin Property Development Co., Ltd. [3][b] 上海仁品房地产开发有限公司	PRC	50	50	Property development and management
Shanghai Yanlord Elevator Co., Ltd. [2][b] 上海仁恒电梯有限公司	PRC	100	-	Sale, installation, repair and maintenance of elevators
Shanghai Yanlord Gaoqiao Property Co., Ltd. [3][b] 上海仁恒高乔房地产有限公司	PRC	50	50	Property development
Shanghai Gusheng Construction Intelligent Engineering Co., Ltd. [4][b] 上海固盛建筑智能化工程有限公司	PRC	60	-	Construction engineering
Shanghai Yanlord Hongqiao Property Co., Ltd. [b] 上海仁恒虹桥房地产有限公司	PRC	60	60	Property development and management
Shanghai Yanlord Investment Management Co., Ltd. [b] 上海仁恒投资管理有限公司	PRC	100	100	Management service and investment

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Shanghai Yanlord Property Co., Ltd. [b] 上海仁恒房地产有限公司	PRC	67	67	Property development
Shanghai Yanlord Property Management Co., Ltd. [b] 上海仁恒物业管理有限公司	PRC	67	67	Property management
Shanghai Yanlord Real Estate Co., Ltd. [b] 上海仁恒置业发展有限公司	PRC	57	57	Property development
Shanghai Yanlord Senlan Real Estate Co., Ltd. [b] 上海仁恒森兰置业有限公司	PRC	60	60	Property development
Shanghai Yanlord Xing Tang Real Estate Co., Ltd. [b] 上海仁恒兴唐置业有限公司	PRC	100	100	Property development and management
Shanghai Yanlord Yangpu Property Co., Ltd. [b] 上海仁恒杨浦房地产有限公司	PRC	100	100	Property development
Shanghai Zhongting Property Development Co., Ltd. [b] 上海中庭房地产开发有限公司	PRC	100	100	Property development
Yanlord Land Investment Management (Shanghai) Co., Ltd. [b] 仁恒置地投资管理(上海)有限公司	PRC	100	100	Management service
Sanya Yanlord Real Estate Co., Ltd. [b] 三亚仁恒置业有限公司	PRC	100	100	Property development and management

YANLORD LAND GROUP LIMITED AND ITS SUBSIDIARIES

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December 31, 2013

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Suzhou Yinghan Property Development Co., Ltd. [b] 苏州膺汉房地产开发有限公司	PRC	100	100	Property development
Suzhou Zhonghui Property Development Co., Ltd. [b] 苏州中辉房地产开发有限公司	PRC	100	100	Property development
Yanlord Property (Suzhou) Co., Ltd. [b] 仁恒地产(苏州)有限公司	PRC	60	60	Property development
Tangshan Yanlord Property Management Co., Ltd. [i] [b] 唐山仁恒物业服务有限公司	PRC	50	50	Property management
Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. [i] [b] 仁恒和美房地产开发(唐山)有限公司	PRC	50	50	Property development and management
Tianjin Yanlord Beiyang Real Estate Co., Ltd. [b] 天津仁恒北洋置业有限公司	PRC	60	60	Property development and management
Tianjin Yanlord Garden Co., Ltd. [b] 天津仁恒园林有限公司	PRC	100	100	Landscaping and gardening
Tianjin Yanlord Haihe Development Co., Ltd. [b] 天津仁恒海河开发有限公司	PRC	80	80	Property development

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Tianjin Yanlord Property Management Co., Ltd. [b] 天津仁恒物业服务有限公司	PRC	100	100	Property management
Yanlord Development (Tianjin) Co., Ltd. [b] 仁恒发展(天津)有限公司	PRC	100	100	Property development
Zhuhai Yanlord Heyou Land Co., Ltd. [b] 珠海仁恒和由置地有限公司	PRC	57	57	Property development and management
Zhuhai Yanlord Industrial Co., Ltd. [b] 珠海仁恒实业有限公司	PRC	95	95	Property development
Zhuhai Yanlord Property Management Co., Ltd. [b] 珠海仁恒物业管理有限公司	PRC	90	90	Property management
Zhuhai Yanlord Real Estate Development Co., Ltd. [b] 珠海仁恒置业发展有限公司	PRC	90	90	Property development
Zhuhai Yanlord Youmei Land Co., Ltd. [b] 珠海仁恒由美置地有限公司	PRC	57	57	Property development and management

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

[1] Although the Group does not effectively own more than 50% of the equity shares of these entities, it has control over the financial and operating policies of these entities and hence regards these entities as subsidiaries.

[2] Incorporated during the year.

[3] The proportion of ownership interest and voting power held by the Group is 50.2%.

[4] Acquired during the year for a consideration of RMB1 million.

Notes on auditors

[a] Audited by Deloitte & Touche LLP, Singapore.

[b] Audited by Deloitte Touche Tohmatsu CPA LLP, Shanghai, PRC for consolidation purposes.

11 INVESTMENT IN AN ASSOCIATE

	GROUP 2013 RMB'000	2012 RMB'000
Cost of investment in associate	2,441	2,441
Share of post-acquisition loss	(2,441)	(2,441)
	-	-
Non-trade amount due from an associate (Current assets) (Note 6)	354	213

11 INVESTMENT IN AN ASSOCIATE (Cont'd)

Details of the Group's associate are as follows:

Name of associate	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Yanlord Property Investments Pte. Ltd. [a] 仁恒地产投资有限公司	Singapore	25	25	Investment holding

Note on auditors

[a] Audited by Deloitte & Touche LLP, Singapore.

Summarised financial information in respect of the Group's associate is set out as below:

	GROUP 2013 RMB'000	GROUP 2012 RMB'000
Total assets	120	77
Total liabilities	(392)	(291)
Net liabilities	(272)	(214)
Group's share of associate's net liabilities [1]	-	-
Loss for the year	(58)	(76)
Group's share of associate's loss for the year [1]	-	-

[1] The Group's share of the associate's net liabilities and loss is zero as the Group discontinues recognising further losses when the Group's share of loss of the associate exceeds its interest in the associate. As at December 31, 2013, the Group's share of unrecognised losses of the associate for the year and cumulatively amounted to RMB15,000 (2012 : RMB19,000) and RMB68,000 (2012 : RMB53,000) respectively.

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP 2013 RMB'000	GROUP 2012 RMB'000
Cost of investments in jointly controlled entities	523,688	346,557
Share of post-acquisition profit (loss)	76,798	(10,834)
	600,486	335,723
Non-trade amounts due from jointly controlled entities (Current assets) (Note 6)	230	-

Details of the Group's jointly controlled entities are as follows:

Name of jointly controlled entity	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Yanlord Land Pte. Ltd.				
Singapore Intelligent Eco Island Development Pte. Ltd. [1] [a] 新加坡智慧生态岛开发有限公司	Singapore	57	57	Investment holding
Held by Singapore Intelligent Eco Island Development Pte. Ltd.				
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd. [b] 中新南京生态科技岛开发有限公司	PRC	28	28	Property development
Held by Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd.				
Sino-Singapore Nanjing Eco Hi-tech Island Investment and Development Co., Ltd. [b] 中新南京生态科技岛投资发展有限公司	PRC	28	28	Property development and investment

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Cont'd)

Name of jointly controlled entity	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activities
Held by Sino-Singapore Nanjing Eco Hi-tech Island Investment and Development Co., Ltd.				
Nanjing Zhoudao Modern Agriculture Development Co., Ltd. [b] 南京洲岛现代农业发展有限公司	PRC	20	20	Agriculture development and hotel management
Nanjing Zhoudao Modern Service Development Co., Ltd. [b] 南京洲岛现代服务业发展有限公司	PRC	20	20	Property service
Nanjing Zhoudao Property Development Co., Ltd. [b] 南京洲岛置业有限公司	PRC	28	28	Property development and management

[1] Although the Group owns more than 50% of the equity shares of this entity, both shareholders of this entity have joint control over its financial and operating policies and hence the Group regards this entity as a jointly controlled entity.

Notes on auditors

[a] Audited by Deloitte & Touche LLP, Singapore.

[b] Audited by Deloitte Touche Tohmatsu CPA LLP, Shanghai, PRC for consolidation purposes.

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Cont'd)

Summarised financial information in respect of the jointly controlled entities is set out as below:

	GROUP 2013 RMB'000	2012 RMB'000
Total assets	1,053,536	589,089
Total liabilities	(52)	(102)
Net assets	1,053,484	588,987
Group's share of jointly controlled entities' net assets	600,486	335,723
Profit (Loss) for the year	153,741	(10,510)
Group's share of jointly controlled entities' profit (loss) for the year	87,632	(5,990)

13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand except for the following:

a) Amounts of RMB47 million and RMB28 million (2012 : RMB46 million, RMB9 million and RMB10 million) which bear interest at 5.0% and 6.0% per annum respectively (2012 : 5.0%, 6.0% and 6.3% per annum respectively) and are secured by the non-controlling shareholder's shares in a subsidiary and undistributed retained earnings of a subsidiary yet to be distributed as dividends to the non-controlling shareholder of that subsidiary.

b) Amount of RMB94 million (2012 : RMB18 million and RMB71 million) which bear interest at 6.0% per annum (2012 : 6.6% and 6.0% per annum respectively) and is secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary.

c) Amount of RMB40 million (2012 : RMB Nil) which bears interest at 6.0% per annum (2012 : Nil%), is unsecured and repayable on demand.

d) Amount of RMB154 million (2012 : RMB Nil) which bears interest at 6.2% per annum (2012 : Nil%), is unsecured and is repayable within 2 years.

e) Amount of RMB4 million (2012 : RMB Nil) which is unsecured, interest-free and repayable within 2 years from the end of the reporting period.

13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

As at December 31, 2013, current amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand except for an amount of RMB90 million (2012 : RMB93 million), which is guaranteed by the Company.

As at December 31, 2012, non-current amounts of RMB145 million and RMB51 million due to a non-controlling shareholder of a subsidiary were unsecured, bore interest at 6.4% and 6.7% per annum respectively and were repayable within 3 years. The amounts were repaid during the year.

As at December 31, 2013 and December 31, 2012, non-current amount of RMB20 million due to a non-controlling shareholder of subsidiaries is unsecured, interest-free and has no fixed repayment terms. Management is of the view that the non-controlling shareholder of subsidiaries will not demand repayment of RMB20 million within 12 months from the end of the reporting period.

14 INTANGIBLE ASSET

	GROUP	
	2013	2012
	RMB'000	RMB'000
Club membership	613	613

At December 31, 2013 and 2012, the management assessed the marketable value of the club membership and determined that it was in excess of its carrying amount.

15 DEFERRED TAXATION

	GROUP	
	2013	2012
	RMB'000	RMB'000
Deferred tax assets	219,707	128,967
Deferred tax liabilities	(1,363,647)	(1,160,248)
	(1,143,940)	(1,031,281)

15 DEFERRED TAXATION (Cont'd)

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

	Revaluation of investment properties	Accelerated tax depreciation and excess of tax deductible expenses	Withholding tax	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GROUP					
At January 1, 2012	(829,937)	53,842	(138,775)	84,272	(830,598)
(Charge) Credit to profit or loss for the year (Note 30)	(212,672)	9,072	(110,158)	(18,219)	(331,977)
Transfer to income tax payable	-	-	131,294	-	131,294
At December 31, 2012	(1,042,609)	62,914	(117,639)	66,053	(1,031,281)
(Charge) Credit to profit or loss for the year (Note 30)	(185,579)	26,823	(86,187)	63,917	(181,026)
Transfer to income tax payable	-	-	68,367	-	68,367
Exchange difference	(138)	-	138	-	-
At December 31, 2013	(1,228,326)	89,737	(135,321)	129,970	(1,143,940)

Pursuant to PRC tax regulations, at the end of the reporting period, the Group has unutilised tax losses of RMB980 million (2012 : RMB599 million) available for offset against future profits. A deferred tax asset of RMB130 million (2012 : RMB66 million) has been recognised in respect of RMB520 million (2012 : RMB264 million) of such losses at the PRC tax rate of 25%. No deferred tax asset has been recognised in respect of the remaining RMB460 million (2012 : RMB335 million) due to the unpredictability of future profit streams. Tax losses may be carried forward for 5 years from the year after the losses are incurred, subject to the conditions imposed by law including the retention of majority shareholders as defined.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
	2013 RMB'000	2012 RMB'000
Cross currency swaps, designated in hedge accounting relationships	20,402	-

The Group uses cross currency swaps to hedge the foreign currency risks arising from the interest and principal payments of its RMB denominated senior notes. Contracts with nominal values of RMB2 billion have fixed interest payments denominated in US dollars at 4.325% per annum and fixed interest receipts denominated in RMB at 5.375% per annum.

All of the Group's cross currency swaps are designated and effective as cash flow hedges and the fair value of these cross currency swaps, amounting to RMB20 million (2012 : RMB Nil) has been recognised in other comprehensive income. Amount of RMB16 million (2012 : RMB Nil) has been reclassified from equity to profit or loss during the year.

The cross currency swaps settle on a semi-annual basis, with maturity on May 23, 2016. All cross currency swap contracts exchanging RMB denominated interest and principal payments for US dollar denominated interest and principal payments are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from the fluctuation of RMB against US dollar over the tenure of the senior notes. The cross currency swaps and the interest and principal payments on the senior notes occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the tenure of the senior notes.

17 OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Advances to suppliers	18,742	18,068	-	-
Deposits for purchase of land for development and construction of properties	20,711	20,711	-	-
Staff loans	8,845	8,559	-	-
Prepayments	25,831	11,946	3	274
Sales tax prepayments	198,895	132,854	-	-
Interest receivables	11,486	291	-	-
Other receivables [(1)]	126,758	110,090	-	-
	411,268	302,519	3	274

(1) Included in other receivables is an advance of RMB20 million (2012 : RMB20 million) to a PRC government agent for the resettlement of occupants from land which the Group intends to purchase.

The management considers the credit risk on other receivables and deposits to be limited because the counterparties are government agents or third parties with long business relationships with the Group.

18 HELD-FOR-TRADING INVESTMENT

	GROUP	
	2013 RMB'000	2012 RMB'000
Quoted equity security, at fair value	11,056	11,311

Held-for-trading investment presents the Group with opportunities for return through dividend income and fair value gains. This investment has no fixed maturity or coupon rate. The fair value of this security is based on the closing quoted market price on the last market day of the financial year.

19 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Pledged bank deposits	29,643	15,072	-	-
Cash on hand	2,004	1,853	-	-
Cash at bank	5,911,442	2,954,955	6,894	2,601
Fixed deposits	1,168,599	583,769	-	-
Cash and cash equivalents	7,082,045	3,540,577	6,894	2,601

Pledged bank deposits represent deposits pledged to banks to secure certain mortgage loans provided by banks to customers for the purchase of the Group's development properties and as securities for bank loans (Note 22).

20 SHARE CAPITAL

	GROUP AND COMPANY			
	2013 '000	2012 '000	2013 RMB'000	2012 RMB'000
	Number of ordinary shares			
Issued and paid up:				
At beginning and of year	1,948,736	1,948,736	7,261,726	7,261,726

Fully paid up ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

21 HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss.

Movement in hedging reserve:

	GROUP	
	2013 RMB'000	2012 RMB'000
At January 1	-	-
Change in fair value of cross currency swaps	20,402	-
Reclassification to profit or loss on cash flow hedge	(15,624)	-
At December 31	4,778	-

22 BANK LOANS

	GROUP		COMPANY	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
The bank loans are repayable as follows:				
On demand or within one year	3,262,391	2,549,816	-	10,260
More than one year but not exceeding two years	2,141,535	3,734,044	10,940	319,509
More than two years but not exceeding five years	3,803,298	1,181,419	282,198	-
More than five years	1,590,679	954,000	-	-
	10,797,903	8,419,279	293,138	329,769
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,262,391)	(2,549,816)	-	(10,260)
Amount due for settlement after 12 months	7,535,512	5,869,463	293,138	319,509

22 BANK LOANS (Cont'd)

	GROUP		COMPANY	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Secured:				
- Current bank loans	1,685,313	1,991,060	-	-
- Non-current bank loans	6,143,142	3,274,800	-	-
	7,828,455	5,265,860	-	-
Unsecured:				
- Current bank loans	1,577,078	558,756	-	10,260
- Non-current bank loans	1,392,370	2,594,663	293,138	319,509
	2,969,448	3,153,419	293,138	329,769
	10,797,903	8,419,279	293,138	329,769

The following assets are pledged for the above secured bank loans and undrawn loan facilities:

	GROUP	
	2013	2012
	RMB'000	RMB'000
Properties for development	947,054	-
Completed properties for sale	419,177	637,921
Properties under development for sale	19,679,508	4,457,780
Investment properties	5,505,000	4,492,184
Construction-in-progress	519,573	53,177
Bank deposits	10,266	9,617

23 CONVERTIBLE NOTES

The convertible notes comprise notes issued in 2007 and 2009.

(a) The convertible notes issued on February 6, 2007 ("Notes 2012") matured on February 6, 2012. The Notes 2012 accrued interest at 4.00% per annum, compounded semi-annually. Accrued interest on Notes 2012 was payable only at maturity or upon early redemption, and would be foregone upon conversion of the Notes 2012. The conversion price was initially S$2.7531 per share, and had been adjusted to S$2.5900 per share as at December 31, 2011 as a result of dividends declared by the Company. The conversion price could be further adjusted for certain specified dilutive events.

23 CONVERTIBLE NOTES (Cont'd)

On February 4, 2010, the holders of S$315 million (equivalent to RMB1.513 billion) outstanding Notes 2012 exercised the option to redeem the outstanding Notes 2012.

On February 6, 2012, the Company fully redeemed the remaining S$24 million (equivalent to RMB119 million) outstanding Notes 2012 in accordance with the terms set out in the Indenture dated February 6, 2007. In addition, the equity reserve of Notes 2012 amounting to S$25 million (equivalent to RMB129 million) was reclassified to accumulated profits in 2012.

(b) The convertible notes issued on July 13, 2009 ("Notes 2014") will mature on July 13, 2014. The Notes 2014 accrue interest at 5.85% per annum with interest payable on January 13 and July 13 of each year, commencing on January 13, 2010. The conversion price was initially S$2.6208 per share, and has been adjusted to S$2.5600 and S$2.5200 per share as at December 31, 2012 and 2013 respectively as a result of dividends declared by the Company. The conversion price may be further adjusted for certain specified dilutive and other events. The Company may, at any time on or after July 13, 2011 but before July 3, 2014, mandatorily convert all of the Notes 2014 if the volume weighted average price of the Company's shares is at least 130% of the conversion price in effect on the date of notice. The holders have the right to require the Company to redeem all or some of the Notes 2014 on July 13, 2012.

On July 13, 2012, the holders of S$305 million (equivalent to RMB1.516 billion) outstanding Notes 2014 exercised the option to redeem the outstanding Notes 2014. Accordingly, the nominal amount of Notes 2014 which remains outstanding for conversion into ordinary shares as at December 31, 2013, was reduced to S$70 million (equivalent to RMB335 million) (2012 : S$70 million (equivalent to RMB357 million)). The Notes 2014 are convertible into approximately 27,777,777 and 27,343,750 new ordinary shares of the Company as at December 31, 2013 and 2012 respectively based on the adjusted conversion price at the option of the holders.

As at December 31, 2013, Notes 2014 is classified as a current liability as it will mature on July 13, 2014.

The net proceeds received from the issue of the Notes 2012 and Notes 2014 have been allocated between the liability and equity components. The equity component represents the fair value of the embedded option of the Company to convert the liability into equity.

23 CONVERTIBLE NOTES (Cont'd)

	GROUP AND COMPANY	
	2013	2012
	RMB'000	RMB'000
Nominal value of convertible notes issued	1,794,188	4,340,424
Equity component (gross before allocation of transaction costs)	(290,803)	(661,280)
Transaction costs	(21,907)	(99,089)
Liability component at date of issue	1,481,478	3,580,055
Cumulative interest accrued	552,480	977,752
Cumulative interest paid	(334,473)	(335,176)
Converted to equity	-	(612,732)
Redemption	(1,356,267)	(3,260,618)
Fair value adjustment	(7,324)	(7,797)
Total	335,894	341,484
Interest payable within one year included in other payables (Note 26)	(9,633)	(10,138)
Liability component at end of year	326,261	331,346

The cumulative interest accrued on Notes 2014 is calculated by applying an effective interest rate of 11.3% (2012 : 11.3%) per annum to the liability component. In 2012, the cumulative interest accrued on Notes 2012 up to maturity date on February 6, 2012 was calculated by applying an effective interest rate of 8.0% per annum to the liability component.

The management estimates the fair value of the liability component of the Notes 2014 at December 31, 2013 to be approximately RMB325 million. This fair value has been calculated by assuming redemption on July 13, 2014 and using interest rate of 8.9% per annum, compounded semi-annually. The interest rate is based on Singapore government's two-year treasury bill rate of 1.1% per annum which will mature on April 1, 2016, a credit spread risk margin of 6.3% per annum and holding the liquidity risk rate as a percentage of both the risk free rate and the liquidity risk rate constant.

The management estimates the fair value of the liability component of the Notes 2014 at December 31, 2012 to be approximately RMB343 million. This fair value has been calculated by assuming redemption on July 13, 2014 and using interest rate of 8.0% per annum, compounded semi-annually. The interest rate is based on Singapore government's two-year treasury bill rate of 0.3% per annum which will mature on February 1, 2015, a credit spread risk margin of 6.4% per annum and holding the liquidity risk rate as a percentage of both the risk free rate and the liquidity risk rate constant.

24 SENIOR NOTES

The senior notes comprise notes issued in 2010, 2012 and 2013.

(a) The senior notes issued on May 4, 2010 ("Notes 2017") will mature on May 4, 2017. The senior notes bears interest at 9.5% per annum with interest payable on May 4 and November 4 of each year, commencing on November 4, 2010. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in US dollars.

(b) The senior notes issued on March 29, 2011 ("Notes 2018") will mature on March 29, 2018. The senior notes bears interest at 10.625% per annum with interest payable on March 29 and September 29 of each year, commencing on September 29, 2011. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in US dollars.

(c) The senior notes issued on May 23, 2013 ("Notes 2016") will mature on May 23, 2016. The senior notes bears interest at 5.375% per annum with interest payable on May 23 and November 23 of each year, commencing on November 23, 2013. Prior to the maturity of the senior notes, the issuer, which is a wholly-owned subsidiary of the Company, may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in RMB.

	GROUP		COMPANY	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Nominal value of senior notes issued	6,439,203	4,725,345	4,439,203	4,725,345
Transaction costs (1)	(126,999)	(103,106)	(96,863)	(103,106)
At date of issue (2)	6,312,204	4,622,239	4,342,340	4,622,239
Cumulative interest accrued	1,447,255	994,633	1,375,850	994,633
Cumulative interest paid	(1,300,523)	(871,632)	(1,246,331)	(871,632)
Exchange difference	(168,328)	(320,789)	(168,328)	(320,789)
Total	6,290,608	4,424,451	4,303,531	4,424,451
Interest payable within one year included in other payables (Note 26)	(105,217)	(96,633)	(93,731)	(96,633)
Liability (non-current) at end of year	6,185,391	4,327,818	4,209,800	4,327,818

24 SENIOR NOTES (Cont'd)

(1) Transaction costs included non-audit fees of RMB2 million, RMB2 million and RMB2 million paid to the auditors of the Company in 2013, 2011 and 2010 respectively in connection with the issuance of senior notes of the Company (Note 31).

(2) Changes in amount at date of issue relative to the preceding year's amount include the effect of translation to the presentation currency and have been included in the currency translation reserve.

The cumulative interests accrued on Notes 2017, Notes 2018 and Notes 2016 are calculated by applying effective interest rates of 10.3% (2012 : 10.3%), 11.3% (2012 : 11.3%) and 6.0% per annum respectively.

The management estimates the fair value of Notes 2017, Notes 2018 and Notes 2016 at December 31, 2013 to be approximately RMB1.943 billion, RMB2.677 billion and RMB1.973 billion (2012 : RMB2.046 billion, RMB2.860 billion and RMB Nil) respectively. These fair values are based on the prices obtained from banks' publications.

In 2010, six of its subsidiaries provided a joint guarantee in respect of Notes 2017 issued by the Company amounting to RMB1.987 billion (equivalent to US$300 million) for a term of seven years up to May 4, 2017. The joint guarantee approximates RMB1.829 billion (2012 : RMB1.886 billion), the equivalent of US$300 million as at the end of 2013. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2017.

In 2011, six of its subsidiaries provided a joint guarantee in respect of Notes 2018 issued by the Company amounting to RMB2.520 billion (equivalent to US$400 million) for a term of seven years up to March 29, 2018. The joint guarantee approximates RMB2.439 billion (2012 : RMB2.514 billion), the equivalent of US$400 million as at the end of 2013. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2018.

In 2013, the Company and five of its subsidiaries provided a joint guarantee in respect of Notes 2016 issued by a wholly-owned subsidiary of the Company amounting to RMB2.000 billion for a term of three years up to May 22, 2016 (Note 37). Additionally, shares in five of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2016.

25 TRADE PAYABLES

	GROUP	
	2013	2012
	RMB'000	RMB'000
Outside parties	5,077,788	3,694,139

The average credit period for trade payables is 195 days (2012 : 207 days).

26 OTHER PAYABLES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Advances received from customers	6,076,399	4,757,436	-	-
Accrued expenses	55,847	46,590	3,203	3,327
Interest payable	147,761	127,780	103,806	107,853
Other payables	328,813	288,123	-	-
	6,608,820	5,219,929	107,009	111,180

27 REVENUE

	GROUP	
	2013	2012
	RMB'000	RMB'000
Gross income from property development	11,194,259	10,287,971
Less: Business tax	(624,637)	(579,683)
Net income from property development	10,569,622	9,708,288
Gross income from property investment	522,118	427,078
Less: Business tax	(68,240)	(57,072)
Net income from property investment	453,878	370,006
Gross income from others	276,855	240,384
Less: Business tax	(20,246)	(16,811)
Net income from others	256,609	223,573
Total	11,280,109	10,301,867

28 OTHER OPERATING INCOME

	GROUP	
	2013	2012
	RMB'000	RMB'000
Dividend income from available-for-sale investment	-	30,157
Dividend income from held-for-trading investment	209	213
Fair value gain on investment properties (Note 8)	572,058	664,424
Fair value gain on held-for-trading investment	71	6,619
Gain on put option written off	-	5,187
Interest income	42,062	37,659
Net gain on disposal of property, plant and equipment	-	14,134
Net gain on disposal of investment properties	1,091	-
Net gain on disposal of available-for-sale investment	-	129,946
Payable written off	-	10,774
Waiver of interest expense from a related party	-	27,430
Net foreign exchange gain	-	193,285
Government subsidies	13,515	22,118
Others	7,522	7,681
Total	636,528	1,149,627

29 FINANCE COST

	GROUP	
	2013	2012
	RMB'000	RMB'000
Interest on bank loans	615,809	634,411
Interest on convertible notes	35,469	116,256
Interest on senior notes	511,208	459,424
Interest to ultimate holding company (Note 5)	3,429	1,534
Interest to non-controlling shareholders of subsidiaries	30,619	13,621
Total borrowing costs	1,196,534	1,225,246
Less: Interest capitalised in		
- properties for development	(111,539)	(324,200)
- properties under development for sale	(876,953)	(742,237)
Net	208,042	158,809

30 INCOME TAX

	GROUP	
	2013	2012
	RMB'000	RMB'000
Current - Foreign	741,992	685,015
Deferred income tax (Note 15)	94,839	221,819
Deferred withholding tax (Note 15)	86,187	110,158
Land appreciation tax ("LAT")	705,225	669,618
Under (Over) provision in prior years	17,626	(1,423)
Total	1,645,869	1,685,187

No provision for Singapore taxation has been made as the majority of the Group's income neither arises in, nor is derived from Singapore.

In 2013 and 2012, all taxation arising in the PRC is calculated at the prevailing rate of 25%.

The income tax expense varied from the amount of income tax expense determined by applying the above income tax rate to profit before income tax as a result of the following differences:

	GROUP	
	2013	2012
	RMB'000	RMB'000
Income tax expense at PRC applicable tax rate of 25%* (2012 : 25%*)	934,492	1,034,238
Non-deductible items	90,690	18,989
Non-taxable items	(36,382)	(33,869)
Effect of unutilised tax losses not recognised as deferred tax assets	21,501	13,690
Effect of different tax rates for certain subsidiaries	76	72
LAT	705,225	669,618
Effect of tax deduction on LAT	(176,306)	(164,367)
Withholding tax incurred	86,187	110,158
Under (Over) provision in prior years	17,626	(1,423)
Others	2,760	38,081
Total income tax expense	1,645,869	1,685,187

* These are the applicable tax rates for most of the Group's taxable profits.

30 INCOME TAX (Cont'd)

Income tax for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdiction.

According to a PRC tax circular of State Administration of Taxation, Guoshuihan (2008) No.112, dividend distributed out of the profits generated since January 1, 2008 held by the PRC entity to non-resident investors shall be subject to PRC withholding income tax. Deferred tax liability of RMB86 million (2013 : RMB110 million) on the undistributed earnings of the PRC subsidiaries has been charged to the consolidated statement of profit or loss of the year.

LAT

As disclosed in the prior years' audited consolidated financial statements, the directors of the Company, after taking into account legal advice received and consultation with the local Shanghai Pudong Tax Bureau, are of the opinion that the relevant tax authority is not likely to impose any LAT on a retrospective basis. In 2013 and 2012, management has not received any new communications from the Shanghai Pudong Tax Bureau specific to LAT for properties sold by the Group in Shanghai Pudong New District prior to October 1, 2006 which cause the above management's evaluation to change. Accordingly, no provision has been made in respect of those properties sold in Pudong New District prior to October 1, 2006.

If LAT was to be levied on the Group's Shanghai Pudong New District properties in accordance with the Provisional Regulations on a retrospective basis, the Group would have incurred additional LAT in the aggregate amount of RMB534 million for the financial periods prior to October 1, 2006, net of adjustment for non-controlling interests and for income tax deductions. Should any of these exposures materialise, the Group's net profit will be impacted by the same amount.

The management of the Company is of the view that the actual LAT payable as required under the Provisional Regulations approximates the amount of LAT actually paid and accrued by the Group for the PRC subsidiaries as at December 31, 2013.

The actual Group's LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects.

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2013 RMB'000	2012 RMB'000
Depreciation of property, plant and equipment	35,418	34,994
Employee benefits expense (including directors' remuneration):		
Retirement benefit scheme contributions	44,217	31,031
Salaries and other short-term benefits	432,169	356,948
Total employee benefits expense	476,386	387,979
Directors' fees	1,956	2,015
Directors' remuneration:		
- of the Company	23,427	28,716
- of the subsidiaries	5,918	3,173
	29,345	31,889
Allowance for doubtful debts and bad debts written off	41	-
Fair value gain on investment properties (Note 8)	(572,058)	(664,424)
Fair value gain on held-for-trading investment	(71)	(6,619)
Loss on redemption on convertible notes	-	8,198
Net loss (gain) on disposal of property, plant and equipment	111	(14,134)
Net (gain) loss on disposal of investment properties	(1,091)	16,437
Net gain on disposal of available-for-sale investment	-	(129,946)
Net foreign exchange loss (gain)	97,598	(193,285)
Cost of completed properties for sale recognised as expenses	7,006,238	6,314,144
Audit fees:		
- paid to auditors of the Company	3,979	3,822
- paid to other auditors	1,395	1,339
Total audit fees	5,374	5,161
Non-audit fees:		
- paid to auditors of the Company [(1)]	89	171
- paid to other auditors	1,147	1,095
Total non-audit fees	1,236	1,266
Aggregate amount of fees paid to auditors	6,610	6,427

(1) In 2013, total non-audit fees paid to auditors of the Company in connection with the issuance of senior notes by the Group have been capitalised in the carrying amount of the senior notes (Note 24).

32 EARNINGS PER SHARE

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

	GROUP	
	2013 RMB'000	2012 RMB'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	1,473,753	1,823,498
Effect of dilutive potential ordinary shares due to interests on convertible notes	6,535	4,282
Earnings for the purposes of diluted earnings per share	1,480,288	1,827,780

	GROUP	
	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,948,736	1,948,736
Effect of dilutive potential ordinary shares due to convertible notes	27,618	91,397
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,976,354	2,040,133

	GROUP	
	2013	2012
Earnings per share (Renminbi cents):		
Basic	75.63	93.57
Diluted	74.90	89.59

33 DIVIDENDS

In 2013, RMB181,362,980 of dividends was paid in respect of a first and final one-tier tax exempt dividend of 9.31 Renminbi cents (equivalent to 1.86 Singapore cents) per ordinary share declared for the financial year ended December 31, 2012.

In respect of the current year, the directors proposed a first and final one-tier tax exempt dividend of 6.40 Renminbi cents (equivalent to 1.30 Singapore cents) per ordinary share amounting to RMB124,800,786. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

34 SEGMENT INFORMATION

The Group's reportable operating segments are as follows:

(i) Property development: Development of residential, commercial and other properties.

(ii) Property investment: Leasing of properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.

(iii) Others: Provision of property management, ancillary services, investment holding and others.

Information regarding the operations of each reportable segments are included below. The management monitors the operating results of each operating segment for the purpose of making decisions on resource allocation and performance assessment.

The Group's operations are located in the PRC, hence no analysis by geographical area of operations is provided.

34 SEGMENT INFORMATION (Cont'd)

Segment revenue and results

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

	GROUP			
	Revenue		Profit (loss) before income tax	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Property development	10,569,622	9,708,288	3,221,482	3,130,358
Property investment	453,878	370,006	712,934	760,352
Others	256,609	223,573	(196,448)	246,243
Total	11,280,109	10,301,867	3,737,968	4,136,953

Segment profit represents the profit earned by each segment as determined using the Group's accounting policy. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets

	GROUP	
	2013 RMB'000	2012 RMB'000
Property development	49,333,375	45,137,404
Property investment	9,784,186	8,339,748
Others	2,321,444	821,964
Total assets	61,439,005	54,299,116

All assets are allocated to reportable segments. Liabilities are not allocated as they are not monitored by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

34 SEGMENT INFORMATION (Cont'd)

Other segment information

	GROUP			
	Depreciation		Additions to non-current assets	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Property development	17,863	18,374	2,343,686	3,725,388
Property investment	15,427	14,596	217,536	116,960
Others	4,203	5,452	12,404	5,199
Total	37,493	38,422	2,573,626	3,847,547

35 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	GROUP	
	2013 RMB'000	2012 RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	16,312	15,799

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2013 RMB'000	2012 RMB'000
Within one year	16,916	12,275
In the second to fifth year inclusive	23,325	16,831
More than five years	17,962	9,418
	58,203	38,524

Operating lease payments substantially represent rental payables by the Group in respect of land and buildings for its office premises and staff accommodation. Leases are negotiated for an average term of less than 4 years (2012 : less than 2 years).

35 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out its investment properties and certain completed properties for sale in the PRC under operating leases. Property rental income earned during the year was RMB436 million (2012 : RMB366 million).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	GROUP	
	2013	2012
	RMB'000	RMB'000
Within one year	272,913	291,075
In the second to fifth year inclusive	606,013	605,954
More than five years	760,711	815,831
	1,639,637	1,712,860

36 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements:

	GROUP	
	2013	2012
	RMB'000	RMB'000
Investment properties	5,453	73,610
Others	1,142	448
	6,595	74,058

37 CONTINGENCIES AND GUARANTEES

As at December 31, 2013, the Group has provided guarantees of approximately RMB1.565 billion (2012 : RMB2.436 billion) to banks for the benefit of its customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties. Should such guarantees be called upon, there would be an outflow of cash (previously collected by the Group) from the Group to the banks to discharge the obligations. The management has made enquiries with the banks and considered the profile of customers who bought the Group's properties and concluded that the likelihood of these guarantees being called upon is low. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security for the mortgage loan granted.

As at December 31, 2013, the Company, together with five of its subsidiaries, has provided a joint guarantee in respect of senior notes issued by a wholly-owned subsidiary amounting to RMB2.000 billion for a term of less than three years up to May 22, 2016.

As at December 31, 2013, the Company, together with five of its subsidiaries, has provided joint guarantees to banks in respect of the following loan facilities granted to a subsidiary:

- A loan facility amounting to RMB915 million (equivalent to US$150 million) (2012 : RMB943 million (equivalent to US$150 million)) for a remaining term of less than one year up to July 3, 2014. The loan facility was fully drawn down as at the end of 2013 and 2012.
- A loan facility amounting to RMB622 million (equivalent to US$102 million) (2012 : RMB754 million (equivalent to US$120 million)) for a remaining term of less than two years up to May 13, 2015. The loan facility was fully drawn down as at the end of 2013 and 2012.
- A loan facility amounting to RMB305 million (equivalent to US$50 million) (2012 : RMB314 million (equivalent to US$50 million)) for a remaining term of less than two years up to December 30, 2015. The loan facility was fully drawn down as at the end of 2013 (2012 : RMB3 million (equivalent to US$450,000)).

37 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2013, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB203 million (equivalent to S$43 million) (2012 : RMB255 million (equivalent to S$50 million)) for a remaining term of less than one year up to September 19, 2014. The loan facility was fully drawn down as at the end of 2013 and 2012.

As at December 31, 2013, the Company has provided a guarantee to a non-controlling shareholder of subsidiaries in respect of an interest-free current advance to a subsidiary amounting to RMB90 million (equivalent to US$15 million) (2012 : RMB93 million (equivalent to US$15 million)).

As at December 31, 2013, the jointly controlled entity Singapore Intelligent Eco Island Development Pte. Ltd. ("SIEID") has pledged its shares in the jointly controlled entity Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd. ("SSNEHID") to financial institutions as security for credit facilities used by a wholly-owned subsidiary of SSNEHID for property development. SIEID's contingent liability under this pledge of its shareholding in SSNEHID is limited to an amount of RMB528 million (2012 : RMB600 million). A subsidiary of the Company has provided guarantee of RMB401 million (2012 : RMB456 million) for the same credit facilities.

The management is of the view that the fair value of the financial guarantee provided by the Group and the Company is not significant.