恒盛地產
GLORIOUS PROPERTY

The Ultimacy of Life 築•極致人生

2013

Annual Report 2013

GLORIOUS PROPERTY HOLDINGS LIMITED

Stock Code: 00845

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx Stock Code: 00845) is a property developer in key economic cities of China, focusing on the development of large-scale and high quality properties in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. At present, the Group has 30 projects in 12 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

Contents

Corporate Information and Key Dates

Board of Directors

Executive Directors

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman)*
Mr. Xia Jing Hua
Mr. Yan Zhi Rong
Mr. Yu Xiu Yang

Independent Non-Executive Directors

Mr. Yim Ping Kuen
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Audit Committee

Mr. Yim Ping Kuen *(Chairman)*
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Remuneration Committee

Mr. Wo Rui Fang *(Chairman)*
Mr. Cheng Li Xiong
Mr. Liu Shun Fai

Nomination Committee

Mr. Cheng Li Xiong *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Corporate Governance Committee

Mr. Yu Xiu Yang *(Chairman)*
Mr. Cheng Li Xiong
Mr. Ding Xiang Yang

Finance Committee

Mr. Cheng Li Xiong
Mr. Ding Xiang Yang
Mr. Xia Jing Hua

Company Secretary

Ms. Tai Wing Kwan, Catherine

Auditor

PricewaterhouseCoopers

Legal Advisers

Paul Hastings
Commerce and Finance Law Offices
Conyers Dill & Pearman

Principal Bankers

China Construction Bank
Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Shanghai

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

Suites 2501–2504, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong

Principal Place of Business in PRC

18th Floor, Zhongqi Building
No. 2000, North Zhongshan Road
Putuo District
Shanghai 200063, China

Corporate Information and Key Dates

Principal Share Registrar

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Hong Kong Share Registrar

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

Contact

Investor Relations Department
Glorious Property Holdings Limited
Suites 2501–2504, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688
Email: ir@gloriousphl.com.cn

Key Dates

Closure of Register of Members
27 May 2014 to 30 May 2014

Annual General Meeting
30 May 2014

Choice of Language or Means of Receipt of Corporate Information

This annual report is now available in printed form and on the website of the Company. If shareholders who have received or chosen to receive this annual report by electronic means and

(i) wish to receive a printed copy; or

(ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's Hong Kong Share Registrar by email at gloriousphl.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Hong Kong Share Registrar by email or by post.

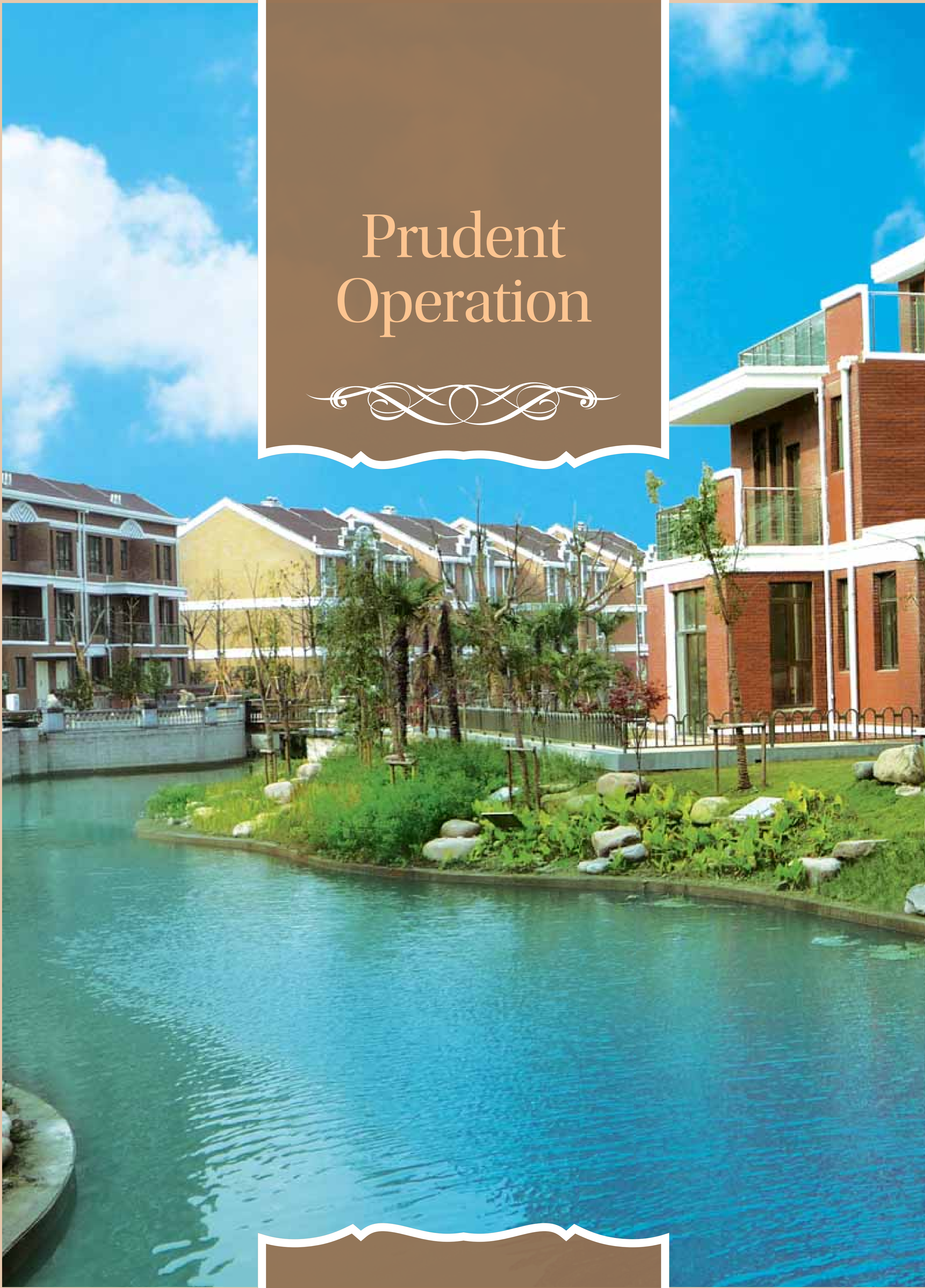
Website:

http://www.gloriousphl.com.cn

Stock Code:

00845

Prudent Operation



Chairman's Statement

Cheng Li Xiong
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the 2013 Annual Report of the Group.

Performance

In 2013, the Group achieved revenue of RMB8,217.2 million, representing a year-on-year ("YOY") decrease of 2.0%. Profit attributable to the owners of the Company for the year amounted to RMB292.1 million, representing a YOY decrease of 73.0%. Excluding fair value gain of investment properties and the related tax effect, profit attributable to the owners of the Company amounted to RMB151.4 million, representing a YOY decrease of 78.5%. Basic earnings per share was RMB0.04 (2012: RMB0.14). The equity attributable to the owners of the Company increased to RMB18,449.9 million, representing a YOY increase of 1.6%. Net book value per share amounted to RMB2.37, representing a YOY increase of 1.6%.

Chairman's Statement

Business Review

Major economies around the world were still under sluggish recovery in 2013. Being affected by the external economy as well as its own needs for adjustment on economic structure and elimination of backward production capacity, the economic growth of China also experienced a significant slowdown, with a growth rate of 7.7% in 2013. During the year, the Central Government of China continued to strengthen and implement austerity measures on property market with a view to curb the momentum of sustained increase in property prices. However, due to the strong rigid demand for properties and sufficient market liquidity, there was a YOY growth of 26.3% in the nationwide annual property sales amount of commodity house in China. Contracted sales among major property developers recorded a substantial YOY increase and the increase of property prices was also significant. In general, there was a strong demand in Chinese property market, and the overall market condition was healthy and stable in 2013.

Property Sales

During the year, the Group's property sales amounted to RMB7,311.4 million, representing a YOY decrease of 33.1%. The gross floor area ("GFA") sold amounted to 577,154 sq.m., representing a YOY decrease of 54.7%. The average selling price was RMB12,668 per sq.m..

During the year, the Group realised property sales in 11 cities, in which second- and third-tier cities made up 60.8% and 79.3% of the total property sales and GFA sold respectively. As the volume of newly-launched properties was relatively less and the launch of some of the new projects was deferred, both the property sales and GFA sold of the Group recorded a YOY decrease.

Land Bank

During the year, the Group adopted a prudent investment strategy. In the second half of the year, the Group acquired one piece of quality land bank in Fengxian District in Shanghai City with a total GFA for development of approximately 81,760 sq.m..

As at 31 December 2013, the Group had low-cost and high-quality land bank situated in 12 cities in Mainland China with a total land bank of 15.2 million sq.m.. The average land cost was RMB1,357 per sq.m. which could meet the development requirement of the Group over the next five years.

Nationwide Strategy

The Group engaged in property development and sales in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. Shanghai Region realised property contracted sales of RMB2,590.4 million and 94,051 sq.m. of contracted GFA sold in 2013. Sales and GFA sold in cities other than Shanghai Region were RMB4,721.0 million and 483,103 sq.m. respectively.

Professional Management

In order to achieve the goal of sustainable and stable development, the Group accelerated the enhancement of its professional development capability. During the year, the Group entirely fostered the standardisation system and continued its work in areas including product standardisation, cost standardisation, tendering and bidding standardisation and construction management standardisation.

Corporate Finance

During the year, the Group actively maintained the strategic cooperation with domestic banks in China and explored multiple financing means. The aggregate new bank loans amounted to RMB16,932.7 million and repayment of loans was RMB12,977.8 million for the year. As at the end of December, the level of the Group's short-term debts to total borrowings was reduced from 38.6% at the year end of 2012 to 27.9% at the year end of 2013.

As at the end of 2013, the Group had cash on hand of RMB2,952.8 million and an unutilised credit facilities of RMB17,609 million. Due to the increase in amount of new loans during the year, the gearing ratio increased from 68.8% at the year end of 2012 to 87.4% at the year end of 2013.

Corporate Governance

The Group endeavored to enforce a high level of corporate governance and believed that was vital to the development of the Group and was able to safeguard the benefit of the shareholders of the Group. Being a responsible enterprise, the corporate governance standards of the Group was founded on the principles of independence, accountability, transparency and credibility.

The Group had a Board of Directors with excellent working efficiency and they sought to maximise the benefit for shareholders through its audit committee, remuneration committee, nomination committee, corporate governance committee and finance committee that ensured the reporting system, the sufficiency of the internal control and the enhancement of the accountability mechanism.

Human Resources Management

The Group regarded human resources as an important corporate asset and actively organised various cultural activities to improve staff's physical and mental well-being. Meanwhile, the Group provided various training programs to its staff to ensure their personal ability being constantly uplifted and their ability being brought into full play at work. In addition, the Group provided excellent paths of career enhancement and motivation mechanism for its staff that further fostered team spirit internally.

Corporate Social Responsibility

In 2013, the Group aligned with its goal in contributing to the harmonious development of the society and consistently fulfilled its social responsibilities as a trustworthy corporate citizen. Being a publicly listed company, the Group endeavored to build quality residential and commercial projects and promoted the concept in caring for the natural surroundings and protecting the environment by implementing green management. The Group made significant contribution to charitable activities in various areas such as environmental protection and education.

Corporate Culture

The Group strove to create a corporate culture in achieving and sharing together through encouraging harmonious and united working atmosphere, constructing all-rounded and multi-level communication system as well as a variety of career development schemes. Glorious culture with strong cohesion was created within the Group. During the year, the Group organised various cultural activities with a view to strengthen the communication with its staff and foster team building and staff relationship establishment. The Group also organised various social activities for staff to participate in.

Business Outlook

The recovery of advanced economies will accelerate in 2014 but uncertainties remain. The tightening of U.S. quantitative easing policy with plans to gradually reduce bond buying will make a greater impact and bring uncertainties to the prospects of global economic growth, particularly to that of emerging economies. The global financial market will inevitably become turbulent as well. In 2014, it is expected that the Chinese economy will face more complicated economic conditions both internally and externally which will result in the possibility of further slowdown in economic growth and increasing market risk. In the Central Economic Work Conference and the New Urbanisation Work Conference of the Third Plenary Session of the 18th Communist Party of China Central Committee, the importance in fostering a sustainable and a healthy development of the economy was stressed. The expansion in domestic demand, the acceleration in urbanisation, the continual implementation of proactive fiscal policies and the prudent monetary policies will create favourable conditions for sustainable and steady economic development. Therefore, we are prudently optimistic about the economic growth of China.

In 2014, it is expected that the austerity measures on the property market imposed by the Central Government of China will continue, however, there will be differentiated austerity measures against different regions and markets instead of "one size fits all" austerity measures. The Central Government of China will target to establish long-term mechanism and system in regulating and controlling the property market at the same time, fostering the healthy development of the property market in the long term.

Hence, it is expected that property market in China will generally experience a stable development in 2014. The external operating environment for property developers will remain stable. Property developers have to formulate their own development strategies according to the market needs, so as to achieve sound operating performance and survive amid market competition.

Market Strategy

The Group will formulate its sales and pricing strategies according to market conditions, speeding up the sales and cash inflows of projects. The Group will also aim at accelerating the sales absorption rate of newly-launched projects to fulfill the rigid demand of the market.

Investment Strategy

The Group will continue to adhere to its prudent investment strategy and will select new land acquisitions appropriately. The goal in optimising the land bank composition will be emphasised and new projects of low cost and fast turnover rate will be acquired to cater to the rigid demand. By adopting measures to ensure prompt commencement of construction and sales of new projects, the Group aims to achieve speedy sales and cash inflow.

Operational Strategy

The Group will continue to foster product standardisation and cost standardisation and focus on the development of exquisite projects to meet the demand of self-use purposes of the market. The asset turnover will be expedited and the increase in return of shareholders' funds will be targeted. The Group will continue to make efforts to optimise the decision-making system and control system and improve the execution capability in business operation.

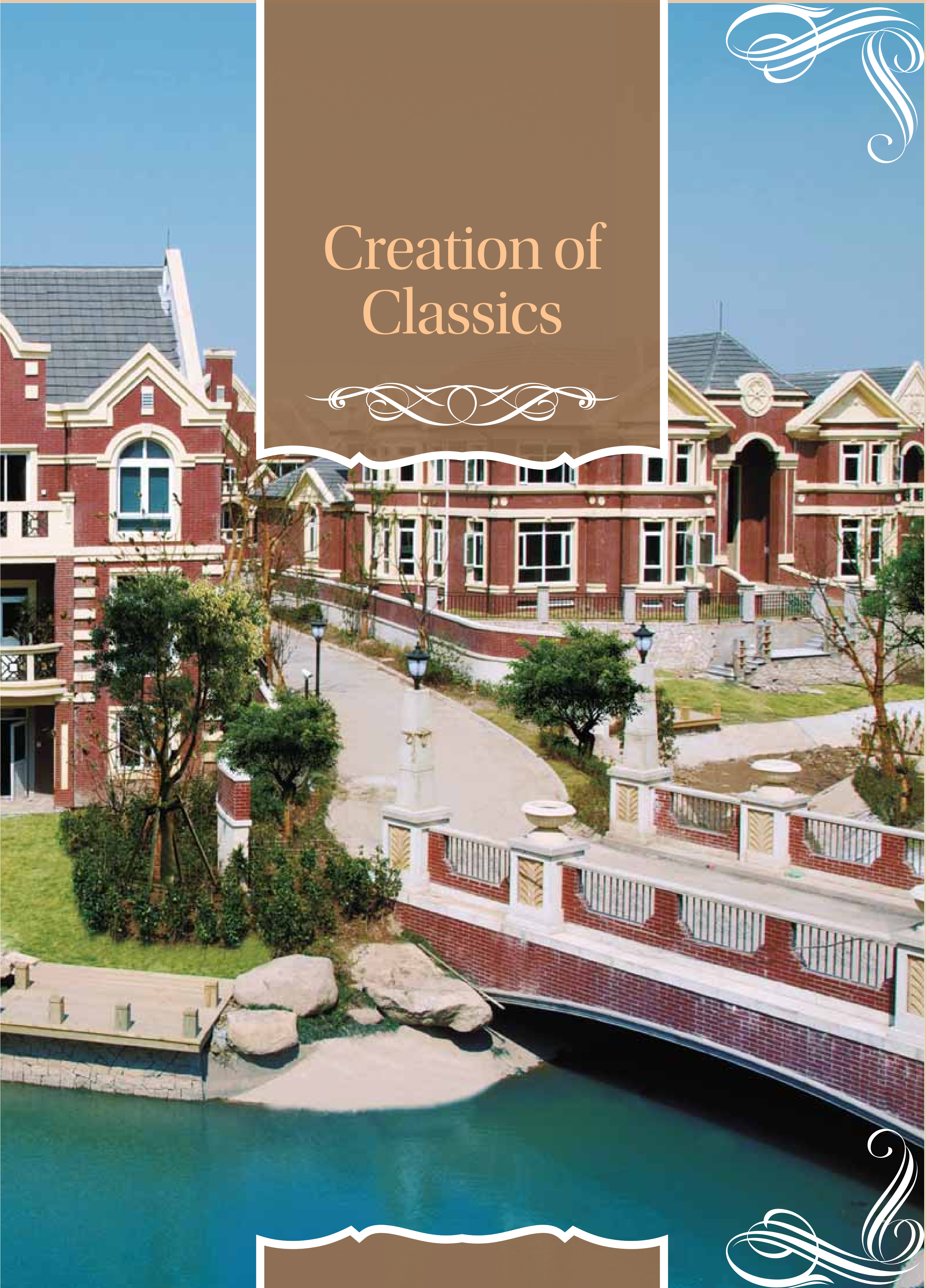
Financial Strategy

The Group will emphasise on strengthening the management of operating cash flow and will endeavor to increase cash flow from sales. Meanwhile, it will focus on optimise its debt structure, strive to lower the cost of capital and strictly control the net gearing ratio at a reasonable level to achieve the target of financial prudence of the Group.

Dear shareholders, despite the considerably large uncertainties underlying both the external and internal economic environment of China in 2014, it is expected that the implementation of austerity measures on the property market will be continued. We believe that the recovery of global economy, particularly U.S. economy and European economy will accelerate. The Chinese economy will experience difficulties, it is also believed that it will maintain a steady growth and the property market of China will maintain its stable development. The Group will actively devise development strategies and measures in response to market changes. It will also insist on enhancing its control system, expediting its asset turnover and improving shareholders' return. The Board has full confidence in the development prospects of the Group.

Cheng Li Xiong
Chairman
Hong Kong, 28 March 2014

Creation of Classics



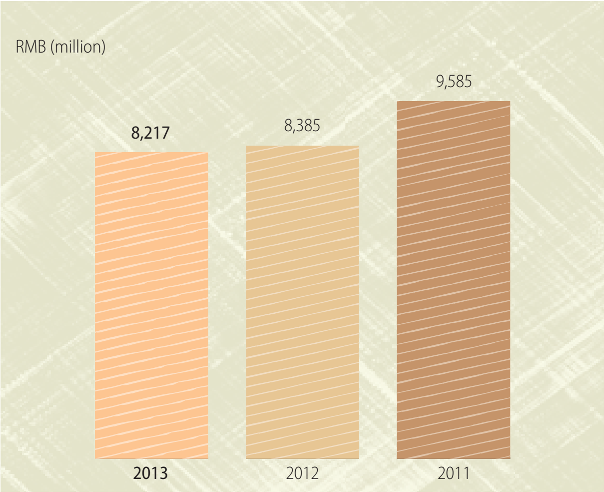
Management Discussion and Analysis

Annual Highlights

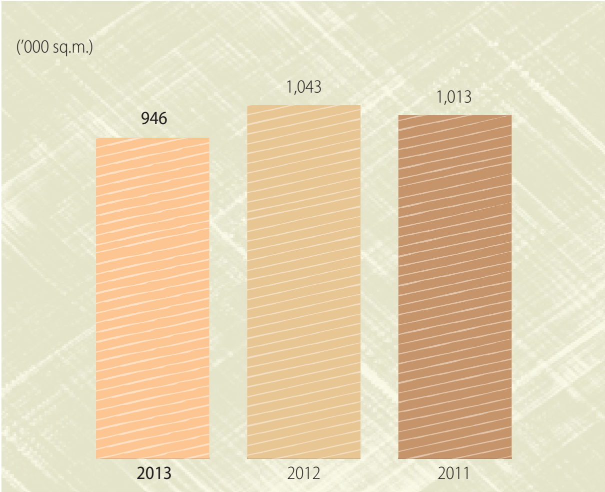
Annual Highlights

- In 2013, the Group recorded a revenue of RMB8,217.2 million and the delivered gross floor area ("GFA") was 945,952 sq.m.
- In 2013, the Group achieved property sales of RMB7,311.4 million and the GFA sold was 577,154 sq.m.
- As at 31 December 2013, the Group had a total land bank of 15.2 million sq.m.. Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 11.6%, 51.6%, 25.6% and 11.2% of the total land bank respectively. The average land cost was RMB1,357 per sq.m.

Revenue



GFA sold and delivered



Management Discussion and Analysis
Market Review

Market Review

In 2013, the Central Government of China continued to implement stringent austerity measures on the property market with differentiated policy direction for different cities. The introduction of "Five Rules" at the beginning of the year has framed the annual austerity measures with a view to maintaining a stable property price. Various regional governments have subsequently introduced their own implementing rules of "New Five Rules" to regulate the property market through restrictions on home purchasing and loans and issuance of pre-sale permits. The austerity measures of the property market gradually became steady. During the second half of the year, the new session of the government focused on the establishment of a sound and long-term effective mechanism and maintenance of the stability of austerity measures. The Third Plenary Session of the Eighteenth Communist Party of China Central Committee has reinforced its working focus on comprehensively deepening reform and continuously promoting long-term effective mechanism such as real estate registration and construction of affordable housing. The regional austerity measures were delegated from the central to the regional government to adopt measures that suit local circumstances. For the over-heated first- and second-tier cities, the government's austerity measures were fully strengthened, and for a few third- and fourth-tier cities with market downturn, the government made flexible adjustment and loosened its policies in a timely manner.

Under the circumstances that the austerity measures became stable gradually, major indicators for the developer of the property industry recovered steadily in 2013. During 2013, nationwide annual property sales amount of commodity house and GFA sold reached a YOY increase of 26.3% and 17.3% respectively, representing a significant increase as compared to 10% and 1.8% in 2012. The average residential selling price recorded a YOY increase of 7.3%, the newly commenced GFA achieved a YOY increase of 13.5% and the YOY increase of the land turnover was 33.9% (Source: National Bureau of Statistics).

During the first half of 2013, the global economy remained weak. As constrained by the further tightened fiscal contraction and slowdown in commercial inventory cycle, U.S. economy was facing difficulties. In the anticipation that U.S. might probably quit QE3, the international capital market was once worried that countries including India and Indonesia might be hit by currency or financial crisis. Under the deteriorating economic condition and facing increasing inflation pressure, Brazil had to increase the interest rate for several times. Chinese economy dropped rapidly during the second quarter of the year and the financial market was hit by a severe cash crunch, generating widespread fear of short selling China by the international market. Uncertainties remained in the global financial market and volatility risk still existed although the economic recovery momentum began to accelerate during the second half of the year.

During the year, the Group closely monitored changes of the market and fixed project prices reasonably and flexibly based on the latest trend in the market to accelerate the absorption rate of the inventory and speed up cash inflow. The Group focuses on the development of exquisite projects for the market in order to better meet customers' demand. It continues to foster the product standardisation which effectively controls the costs in development and operation while accelerating the speed of project development to shorten the development cycle and quickly provide the Group with more saleable resources.

Showflat of Shanghai Bay in Shanghai

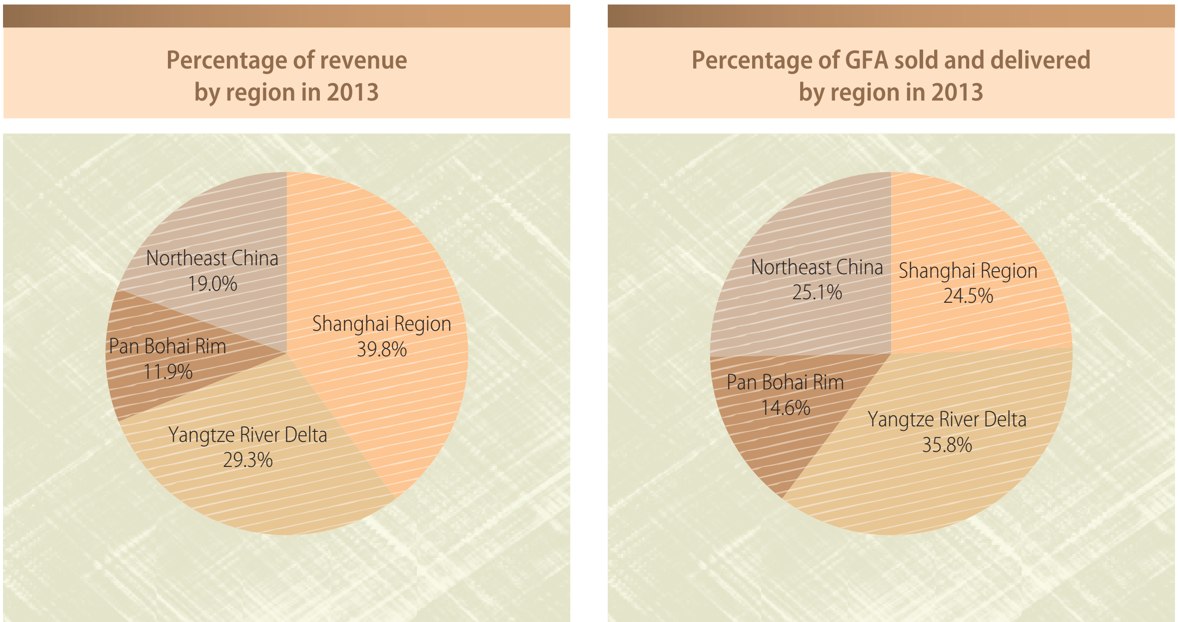
Management Discussion and Analysis

Business Review

Business Review

I. Revenue

For the year ended 31 December 2013, the Group recorded a consolidated revenue of RMB8,217.2 million, representing a decrease of 2.0% from RMB8,384.7 million in 2012. The sold and delivered GFA decreased by 9.3% to 945,952 sq.m. in 2013 from 1,042,891 sq.m. in 2012. The average selling price recognised increased by 8.0% to RMB8,687 per sq.m. in 2013 from RMB8,040 per sq.m. in 2012.



In 2013, the Group recognised revenue for a total of 21 projects. Nine projects located in the first-tier cities (Shanghai and Beijing) accounted for 47.5% of the Group's total revenue while the other 12 projects located in the second- and third-tier cities accounted for 52.5% of the total revenue. In 2013, 39.8% of the revenue was contributed by projects in the Shanghai Region, 29.3% by projects in the Yangtze River Delta (excluding Shanghai), 11.9% by projects in the Pan Bohai Rim and 19.0% by projects in Northeast China.

In 2013, despite a higher proportion of the Group's revenue was contributed by the projects in the Shanghai Region as compared to 2012, the Group's recognised average selling price only increased slightly from RMB8,040 per sq.m. in 2012 to RMB8,687 per sq.m. in 2013. This was mainly because a large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties were social security housing that the recognised average selling price for 2013 was only RMB8,568 per sq.m..

Business Review (Continued)

I. Revenue (Continued)

Projects sold and delivered in 2013 and 2012 included:

Projects sold and delivered	City	2013 Revenue (RMB'000)	2013 GFA sold and delivered (sq.m.)	2013 Average selling price recognised (RMB per sq.m.)	2012 Revenue (RMB'000)	2012 GFA sold and delivered (sq.m.)	2012 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	74,260	4,541	16,353	17,669	657	26,893
Chateau De Paris	Shanghai	416	92	4,522	2,217	302	7,341
Shanghai Park Avenue	Shanghai	790	170	4,647	1,168	212	5,509
Shanghai Bay	Shanghai	1,469,745	27,916	52,649	1,057,294	17,284	61,172
Shanghai City Glorious	Shanghai	1,674,838	195,472	8,568	—	—	N/A
Royal Lakefront	Shanghai	55,058	3,848	14,308	462,516	33,850	13,664
Sunshine Bordeaux	Beijing	21,826	2,532	8,620	63,654	8,034	7,923
Glorious Artstyle Townhouse	Beijing	601,399	70,815	8,493	—	—	N/A
Royal Mansion	Beijing	8,641	331	26,106	67,007	2,812	23,830
Sunshine Holiday	Tianjin	—	—	N/A	25,996	2,433	10,686
Tianjin Royal Bay Seaside	Tianjin	342,655	64,821	5,286	—	—	N/A
No.1 City Promotion	Wuxi	544,241	86,646	6,281	6,172	1,028	6,004
Nantong Glorious Chateau	Nantong	4,348	933	4,660	33,655	6,326	5,320
Nantong Villa Glorious	Nantong	63,095	10,725	5,883	1,557,654	186,730	8,342
Nantong Royal Bay	Nantong	789,244	66,814	11,813	836,077	65,390	12,786
Hefei Villa Glorious	Hefei	601,035	94,530	6,358	559,284	87,899	6,363
Hefei Royal Garden	Hefei	404,735	78,613	5,148	781,114	152,977	5,106
Sunny Town	Shenyang	135,357	18,014	7,514	510,724	74,737	6,834
Harbin Villa Glorious	Harbin	334,657	46,113	7,257	618,475	84,759	7,297
Harbin Royal Garden	Harbin	288,873	38,595	7,485	1,007,834	129,521	7,781
Changchun Villa Glorious (East)	Changchun	36,838	8,957	4,113	775,971	187,940	4,129
Dalian Villa Glorious	Dalian	765,143	125,474	6,098	—	—	N/A
Subtotal		8,217,194	945,952	8,687	8,384,481	1,042,891	8,040
Other revenue		—			259		
Total		8,217,194			8,384,740		

Business Review (Continued)

II. Property Sales

In 2013, the Group achieved property sales of RMB7,311.4 million, representing a YOY decrease of 33.1%. The GFA sold was 577,154 sq.m., representing a YOY decrease of 54.7%.

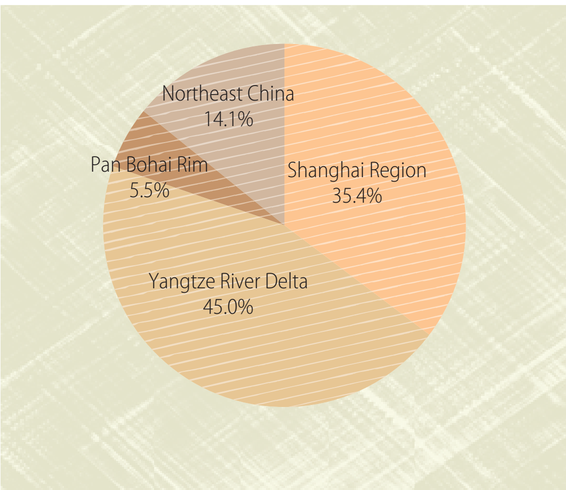
Yangtze River Delta was the region that achieved the largest amount of the Group's property sales in 2013. It accounted for 45.0% of the Group's total property sales, amounting to RMB3,293.5 million and representing a YOY increase of 39.8%. Properties of Nanjing Royal Bay were firstly launched in current year and contributed a significant portion of the property sales to the Yangtze River Delta in 2013. Property sales of Shanghai Region although decreased by 42.2% as compared to 2012, it still contributed RMB2,590.4 million to the Group's total property sales, which represented approximately 35.4% of the Group's total property sales for 2013. Property sales of Northeast China decreased by 69.4% as compared to 2012 as there was no major launch of new projects in 2013.

Property sales for 2013 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB2,863.5 million and RMB4,447.9 million respectively, accounted for 39.2% and 60.8% to the Group's total property sales for 2013.

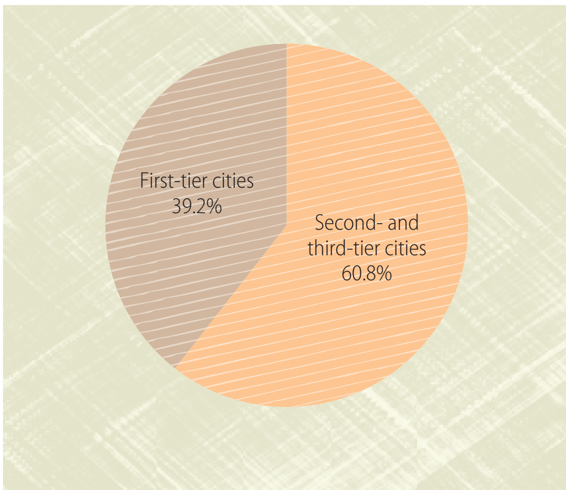
Property sales and GFA sold by region in 2013 and 2012 are as follows:

Region	Property sales *(RMB'000)*			GFA sold *(sq.m.)*		
	2013	2012	Change (%)	**2013**	2012	Change (%)
Shanghai Region	**2,590,440**	4,481,590	-42.2%	**94,051**	305,092	-69.2%
Yangtze River Delta	**3,293,479**	2,355,261	39.8%	**264,878**	335,114	-21.0%
Pan Bohai Rim	**398,826**	737,649	-45.9%	**47,770**	105,087	-54.5%
Northeast China	**1,028,692**	3,355,924	-69.4%	**170,455**	529,309	-67.8%
Total	**7,311,437**	10,930,424	-33.1%	**577,154**	1,274,602	-54.7%

Percentage of property sales by region in 2013



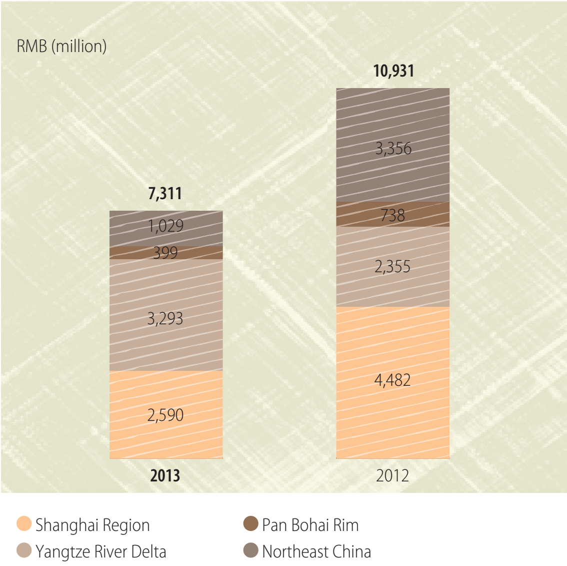
Percentage of property sales in first-, second- and third-tier cities in 2013



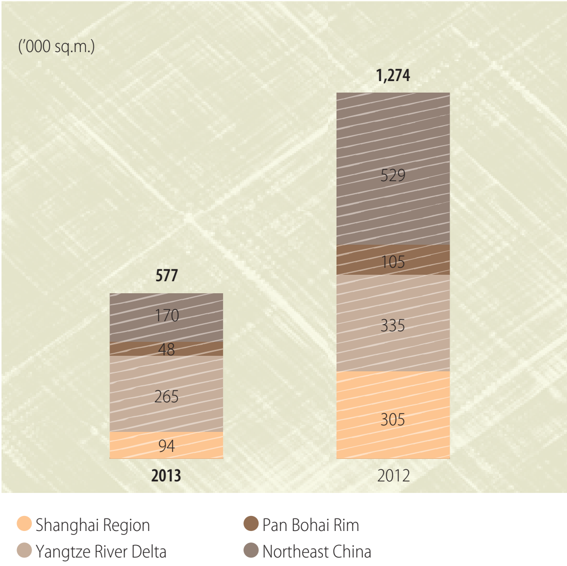
Business Review (Continued)

II. Property Sales (Continued)

Property sales by region



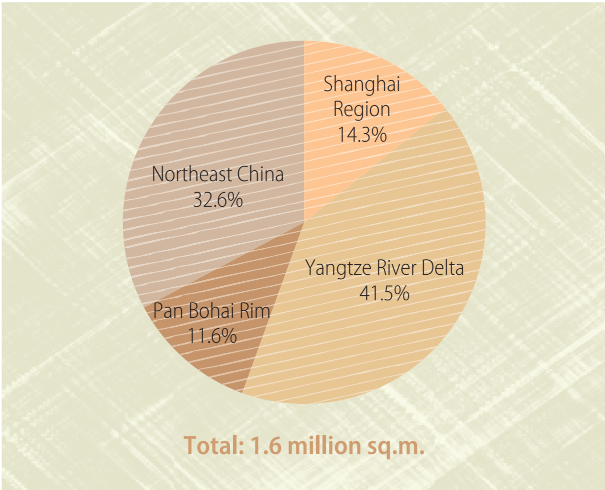
GFA sold by region



In 2014, the Group expects to launch properties from 22 projects to the market for sale with a saleable GFA of approximately 1.6 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounts for 14.3%, 41.5%, 11.6% and 32.6% respectively of the Group's saleable GFA which are expected to be available for sale in 2014. In terms of saleable GFA, Yangtze River Delta and Northeast China will be major regions in contributing to the sales of the Group in 2014.

Resources available for sale in 2014



Business Review (Continued)

II. **Property Sales** (Continued)

Details of the projects which are expected to be available for sale in 2014 are as follows:

City		Project	Saleable GFA (sq.m.)	Interests attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Bay	12,038	100%
2	Shanghai	Sunshine Venice	27,170	100%
3	Shanghai	Shanghai City Glorious	108,016	100%
4	Shanghai	Shanghai Xinyamingdi Project	81,760	100%
	Subtotal		228,984	
Yangtze River Delta				
5	Nanjing	Nanjing Royal Bay	132,411	60%
6	Nantong	Nantong Villa Glorious	56,425	100%
7	Nantong	Nantong Glorious Chateau	98,791	100%
8	Nantong	Nantong Royal Bay	131,302	100%
9	Hefei	Hefei Villa Glorious	3,617	100%
10	Hefei	Hefei Royal Garden	27,080	100%
11	Hefei	Hefei Bashangjie Project	77,540	100%
12	Wuxi	No.1 City Promotion	135,432	100%
	Subtotal		662,598	
Pan Bohai Rim				
13	Beijing	Royal Mansion	467	100%
14	Beijing	Sunshine Bordeaux	13,500	100%
15	Tianjin	Sunshine Holiday	69,957	100%
16	Tianjin	Tianjin Royal Bay Seaside	101,000	100%
	Subtotal		184,924	
Northeast China				
17	Shenyang	Sunny Town	15,143	100%
18	Dalian	Dalian Villa Glorious	20,102	100%
19	Dalian	Dalian Plot No. 200	218,921	70%
20	Changchun	Changchun Villa Glorious	177,076	100%
21	Harbin	Harbin Villa Glorious	49,533	100%
22	Harbin	Harbin Royal Garden	41,033	100%
	Subtotal		521,808	
Total			**1,598,314**	

Business Review (Continued)

III. Construction and Development

In 2013, the total residential GFA completed by the Group was approximately 1.3 million sq.m.. Projects under construction in all regions progressed as planned, adding another approximately 0.6 million sq.m. to the new construction area.

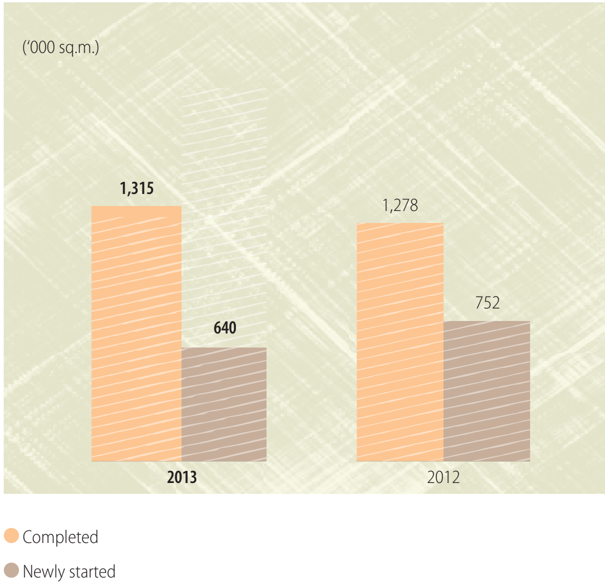
During the year, the Group entirely fostered the establishment of standardisation system and further strengthened its project management, construction management, cash flow management and capital management. The management efficiency and project control were further enhanced. By reinforcing the management capabilities of the cost management center and project management center and establishing a sturdy mechanism in project quality management, the Group endeavoured to strike a sustainable balance between project quality enhancement and progress of projects.

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources.

In November 2013, the Group acquired a new parcel of land in Shanghai at the land cost of approximately RMB1,245 million, with a total area for development of 81,760 sq.m..

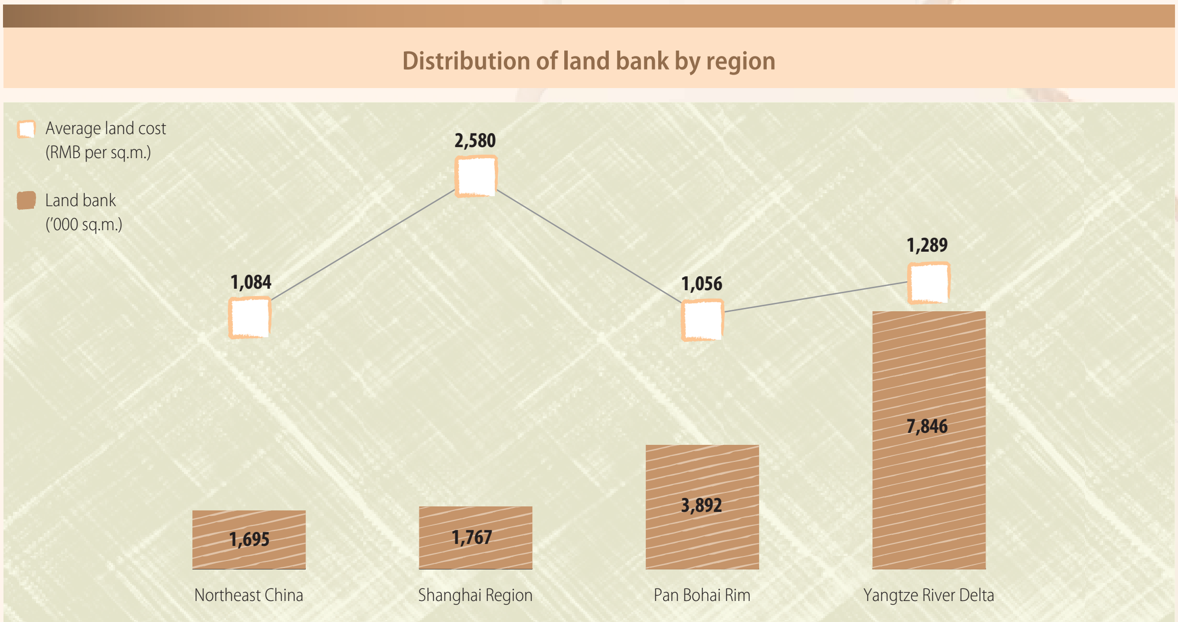
GFA completed/newly started



Business Review (Continued)

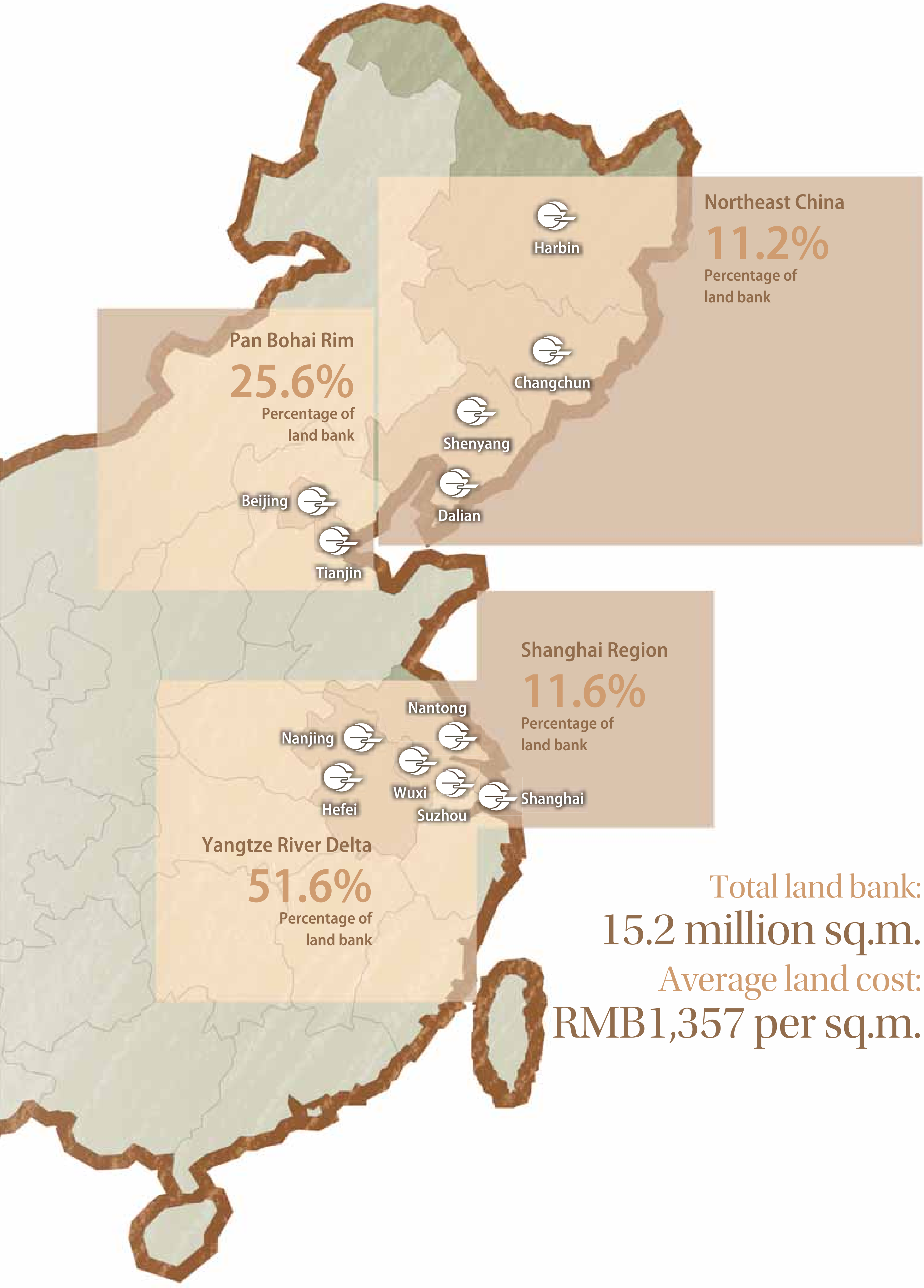
IV. Land Bank (Continued)

Distribution of land bank by region as at 31 December 2013 were as follows:



As at 31 December 2013, the total land bank of the Group was 15.2 million sq.m., which was sufficient to meet its development need over the next five years. The average land cost was RMB1,357 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 20.9% in first-tier cities and 79.1% in second- and third-tier cities.



Total land bank:
15.2 million sq.m.
Average land cost:
RMB1,357 per sq.m.

Business Review (Continued)

IV. Land Bank (Continued)

Details of land bank by project as at 31 December 2013 were as follows:

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	583,561	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Shanghai Xinyamingdi Project	Shanghai	Fengxian District	Residential	81,760	15,228	100%
	Subtotal				1,766,731	2,580	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,144,373	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	544,705	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	238,094	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,347,100	881	100%
15	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	211,254	1,207	100%
16	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
	Subtotal				7,845,836	1,289	

Business Review (Continued)

IV. Land Bank (Continued)

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Pan Bohai Rim							
17	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
18	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
19	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
20	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
21	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
	Subtotal				3,892,469	1,056	
Northeast China							
22	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	27,453	979	100%
23	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
24	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	358,471	868	100%
25	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
26	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
	Subtotal				1,695,035	1,084	
Total					**15,200,071**	**1,357**	

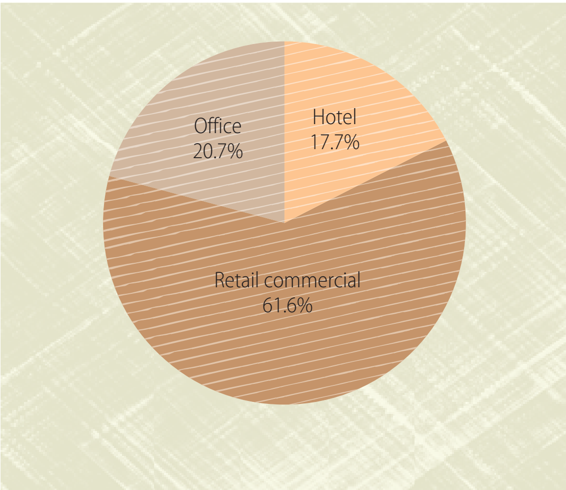
Business Review (Continued)

V. Development of Commercial Properties

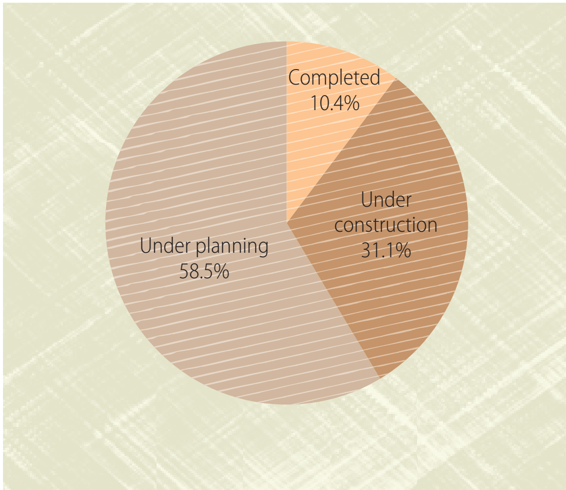
The Group will steadily foster the development of its commercial properties. As at 31 December 2013, approximately 276,000 sq.m. of commercial properties were completed by the Group, and around 826,000 sq.m. of commercial property projects were still under construction.

Retail commercial properties, high-end office buildings and high-end hotels account for 61.6%, 20.7% and 17.7% of the total commercial properties of the Group respectively. The Group plans to retain the ownership of most of the commercial properties to secure stable rental income.

Types of commercial properties



Development stages of commercial properties



Total GFA of 2.7 million sq.m. is planned for commercial properties

Shenyang Glorious Plaza in Shenyang

Business Review (Continued)

V. Development of Commercial Properties (Continued)

Major commercial projects under construction are as follows:

City	Project	Project type	GFA (sq.m.)
Shanghai	Shanghai Bay	Commercial, serviced apartment, office and hotel	202,389
Shanghai	Shanghai City Glorious	Commercial	7,613
Wuxi	No. 1 City Promotion	Commercial	15,381
Nantong	Nantong Royal Bay	Commercial	74,851
Nantong	Nantong Glorious Plaza	Commercial, office and hotel	299,183
Hefei	Hefei Royal Garden	Commercial	25,978
Shenyang	Shenyang Glorious Plaza	Commercial	82,000
Changchun	Changchun Villa Glorious	Commercial	85,400
Dalian	Dalian Villa Glorious	Commercial	3,511
Harbin	Harbin Villa Glorious	Commercial	3,200
Harbin	Harbin Royal Garden	Commercial	1,550
Total			**826,236**

Nantong Royal Bay in Nantong

Management Discussion and Analysis
Highlights of Major Projects under Development

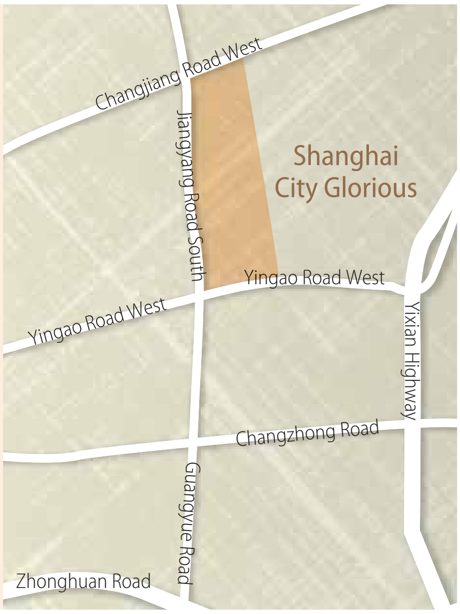
Shanghai Region Shanghai Bay

City	Shanghai
Location	Xuhui District
Use	Residential, hotel, serviced apartment, office and commercial
Land cost (RMB/sq.m.)	611
Interest attributable to the Group	100%
Land bank (sq.m.)	709,802
Project descriptions	"Shanghai Bay" is located at the prime location of Huangpu River in Xuhui District of Shanghai. The peripheral area is one of the major construction sites under the "The Twelfth Five-Year Plan" of Shanghai. The project has an extensive view of amazing coastline and natural scenery of the World Expo. It includes high-quality apartments, kindergartens, five-star hotels, boutique themed hotels, shopping malls, culture themed commercial, 5A office buildings and various superior ancillary services etc. The top-notch planning of the project and the fine quality of its development make it the community paragon of the core area of the Shanghai City upon its completion.

Management Discussion and Analysis
Highlights of Major Projects under Development

Shanghai Region Shanghai City Glorious

City	Shanghai
Location	Baoshan District
Use	Residential and commercial
Land cost (RMB/sq.m.)	923
Interest attributable to the Group	100%
Land bank (sq.m.)	583,561
Project descriptions	"Shanghai City Glorious" is a large-scale residential project located at the core of Gaojing section in Baoshan District. Its southern part links with the core of Shanghai. Its geographical location is superior, with convenient transportation. The project is closely adjacent to Zhonghuan Road, Yixian Highway, Railroad Transport Line 1, Line 3 and various public routes. The project enjoys the advantage of commercial ancillary facilities of Baoshan District.



Highlights of Major Projects under Development

Yangtze River Delta Nantong Royal Bay

City	Nantong
Location	Chongchuan District
Use	Residential, office and commercial
Land cost (RMB/sq.m.)	4,719
Interest attributable to the Group	100%
Land bank (sq.m.)	544,705
Project descriptions	"Nantong Royal Bay" is located in Chongchuan of Nantong. Its is located at Gongnong Road West and Hongqiao Road North, which is a trunk road in Nantong. The project is being developed into a large-scale residential and commercial project. The first phase of Nantong Royal Bay was launched in December 2010 and received overwhelming responses.

Management Discussion and Analysis

Highlights of Major Projects under Development

Yangtze River Delta Nanjing Royal Bay

City	Nanjing
Location	Xiaguan District
Use	Residential and commercial
Land cost (RMB/sq.m.)	6,013
Interest attributable to the Group	60%
Land bank (sq.m.)	663,913
Project descriptions	"Nanjing Royal Bay" is located at the Sancha River Zone, Xiaguan District of Nanjing and is adjacent to Yangtze River. It comprises nine blocks of high-rise residential buildings in Art Deco architecture style, a round-shaped commercial building and a commercial complex. It will be a core project within Binjiang District in Nanjing with a large-scale waterfront and a high-end urban complex along Binjiang.

Yangtze River Delta Hefei Bashangjie Project

City	Hefei
Location	Yaohai District
Use	Residential, hotel, office and commercial
Land cost (RMB/sq.m.)	881
Interest attributable to the Group	100%
Land bank (sq.m.)	1,347,100
Project descriptions	"Hefei Bashangjie Project" is located at Mingguang Road in the center of Hefei in close proximity to the ancient Xiaoyaojin and is adjacent to Nanfei River. The project is expected to become a landmark in the area upon completion. The project is being developed into a large-scale residential and commercial complex with a five-star hotel, a Grade A commercial skyscraper, a fine central mansion and a large shopping mall that provide one-stop shopping experience of living.

Management Discussion and Analysis

Highlights of Major Projects under Development

Pan Bohai Rim Royal Mansion

City	Beijing
Location	Haidian District
Use	Residential and commercial
Land cost (RMB/sq.m.)	3,395
Interest attributable to the Group	100%
Land bank (sq.m.)	90,406
Project descriptions	"Royal Mansion" is next to Yuquan Road in Haidian District of Beijing and north of Changan Street West. It enjoys the convenience of urban transportation. The buildings have high-end stone materials for external walls and feature simple and modern European style. This quality project will stand in pride in the cultural contexts in western Beijing.

Northeast China Changchun Villa Glorious

City	Changchun
Location	New and High-tech District
Use	Residential and commercial
Land cost (RMB/sq.m.)	963
Interest attributable to the Group	100%
Land bank (sq.m.)	1,203,559
Project descriptions	"Changchun Villa Glorious" is divided into two land parcels. The land bank of the eastern parcel and the western parcel are 358,471 sq.m. and 845,088 sq.m. respectively. The project is located at New and High-tech District, which is the fastest growing economic area in Changchun. It is close to the People's Government of Changchun and is the core area under the master urban development plan of the city. Benefiting from the nearby Bayi Reservoir, Fuqiang Reservoir, and Fourth Ring Road South, it enjoys the natural ecological advantages and convenient transportation. The project is a large European style complex with high-rise apartments, villas, commercial, and greenery. The first phase of the eastern parcel of Changchun Villa Glorious was launched in June 2011 and received overwhelming responses.

Management Discussion and Analysis

Highlights of Major Projects under Development

Northeast China Shenyang Glorious Plaza

City	Shenyang
Location	Yuhong District
Use	Commercial
Land cost (RMB/sq.m.)	1,133
Interest attributable to the Group	100%
Land bank (sq.m.)	120,023
Project descriptions	"Shenyang Glorious Plaza" is a one-stop shopping center which integrates shopping, entertainment, food and beverage, leisure and services altogether. The project is located at the conjunction of Nujiang Street North and Qingshan Road of Shenyang. The upper and lower portions are divided into six storeys in total. Currently, "Shenyang Glorious Plaza" is listed as the prime construction project in Shenyang. Its location has been planned as the core commercial area in the north of Shenyang.

Management Discussion and Analysis
Future Outlook

Future Outlook

In 2014, the global economy will end its downturn period over the three years and enter into a new phase of weak recovery and growth. The real global GDP growth rate was 2.4% in 2013, and the global GDP growth rate is expected to be 3.1% in the coming year and tends to be stable. Despite facing an optimistic environment, 2014 will be a year for the quantitative easing policies to exit. It is expected that the global and Chinese economy will experience increase in interest rate and capital volatility. The stronger economic recovery momentum of developed countries together with the gradual exit of quantitative easing policies of the U.S. Federal Reserve has created a more stringent external financial environment for the emerging economies which are already facing considerable uncertainties. The uncertainties in liquidity may also increase, further exerting impact on economic growth of certain emerging countries, and hence, volatility risk still exists.

In light of the complicated domestic and international environment, the growth of Chinese economy will further slow down. The Central Government of China will lay great emphasis on providing guidance to different areas and regard the long-term mechanism as its focus of austerity measures. As the gradual implementation of advanced measures such as confirmation of ownership of collectively-owned land, real estate registration and financial liberalisation, the development of property market will start a new chapter. In addition, with an increase in residential land and supply in residential house, imbalance between supply and demand is expected to ease and the development of the industry tends to be more rational. However, the segregation among different regional markets will further intensify and the Central Government of China will adopt a more differentiated approach to austerity measures on the property industry. Its direction towards curbing the investment and speculative demand will not change, with a view to optimising the long-term mechanism of austerity measures on property market, thereby fostering the healthy development of the property market in China.

Under the conditions of steady macroeconomic growth and robust monetary policies, it is expected that the property market will maintain its stable development in 2014, and the property prices will rise steadily. The Group expects that the market concentration rate in the property market will elevate and the industry consolidation will intensify. Property developers have to assess risks and opportunities in various markets and optimise the layout in different cities according to their respective market positioning and strategic planning. Meanwhile, it is necessary to pay close attention to market changes, to have insights into future trends and to grasp the policy trends so as to deliver products of reasonable prices that can fulfill the market demand.

Market Strategy

The Group will closely monitor changes of market conditions and proactively respond to market and policy changes. Project development, sales of existing projects and delivery of new projects will be accelerated, so as to speed up cash inflows from sales. Quality projects will be developed to satisfy the self-use demand of the market. In terms of pricing, the Group will determine reasonable prices for projects based on the latest trend in the market. The Group will continue to maintain its leading position in Shanghai region and further expedite its development in regions including Northeast China and Yangtze River Delta. The implementation of the development strategy regarding city penetration will be continued, and emphasis will be put on cities and regions where sound sales performance was achieved.

Investment Strategy

The Group will continue to adhere to its investment strategy of "balancing inflows and outflows." It will acquire quality land bank according to the conditions of sales and cash inflows, the requirements to maintain a sound financial position and the total amount, distribution and layout of the Group's land bank. In addition, the Group will continue to maintain its leading position in Shanghai region and will also moderately increase investment in first- and second-tier major cities and optimise land portfolio in order to establish a solid foundation for a steady development in the future. In 2014, more emphasis will be attached to projects of lower cost, higher turnover and those which can fulfill the rigid demand.

Future Outlook (Continued)

Operational Strategy

The Group will adopt its operation philosophy of "Progress while Preserving Stability" to speed up the development of existing projects and delivery of new projects so as to provide sufficient resources available for sale. It will also foster product standardisation and endeavor to increase the asset turnover. To enhance the execution capability of the Group, the Group will strive to establish a more professional operations management team to steadily advance the enhancement of its management model, systems and mechanisms as well as the operating efficiency. Meanwhile, the Group will continue to intensify the control over cost and quality in order to constantly uplift the performance-to-price ratio of its products.

Financial Strategy

The Group will continue to adhere to its prudent financial policy, enhance cash flow management, and control its total borrowings at a reasonable level so as to effectively manage and control its financial risks. The Group will further improve its debt structure and capital structure by adopting a more diversified approach to financing through multiple platforms and channels. Meanwhile, capital expenditure budgeting management will be stringently implemented.

Showflat of Nantong Royal Bay in Nantong

Showflat of Shanghai Bay in Shanghai

Management Discussion and Analysis
Customer Service

Customer Service

The Group always strove to fulfill customers' demands. Through persistent reformation and innovation, it built ideal homes which were low-carbon and environmental friendly and provided comprehensive community services to its customers. All these were well recognised by the society. In 2013, Glorious Yangguang Binhai (Harbin) Property Co., Ltd. was recognised as "Outstanding Property Developer" in March; ranked 27th in "China Real Estate Listed Companies with Strongest Comprehensive Strengths 2013" and was granted "Top Five China Real Estate Listed Companies with Best Business Performance 2013" in May; was granted "Property Developers with the Best Investment Value in China 2013" in an annual event in the industry, namely "Boao Real Estate Forum", in September.

In addition, the Group greatly emphasised the communication with homeowners. "Glorious Club" of the Group encouraged participation of homeowners and strengthened the interaction with homeowners by organising a variety of activities for homeowners every year and adding homeowners' corner in its bimonthly magazine, the Glorious Club. In terms of projects, customer services were steadily enhanced due to the positive serving attitudes adopted by the Group's branch offices in different regions. In July 2013, "Enjoying Watermelon in Nantong Royal Bay This Summer" was organised by Nantong office of the Group; "Let's Decorate Changchun Villa Glorious", a decoration competition, was jointly organised by Changchun Huixin office of the Group and SouFun.com in August. All these activities deepened the understanding and trust between homeowners and the Group.

"Let's Decorate Changchun Villa Glorious" was organised by Changchun Huixin office

"Enjoying Watermelon in Nantong Royal Bay This Summer" was organised by Nantong office

Management Discussion and Analysis
Financial Review

Financial Review

For the year ended 31 December 2013, the Group recorded a consolidated revenue of RMB8,217.2 million, representing a decrease of 2.0% compared to RMB8,384.7 million in 2012. The Group's profit attributable to the owners of the Company for the year ended 31 December 2013 was RMB292.1 million, representing a decrease of 73.0% compared to RMB1,081.6 million for 2012. The decrease in profit attributable to the owners of the Company was mainly due to the decrease in gross profit margin of the properties sold and delivered in the current year and lower fair value gains of the investment properties, as well as the inclusion of the provision for impairment of the Group's properties for the current year. Profit attributable to the owners of the Company for the year ended 31 December 2013 (excluding the fair value gain of investment properties and the related tax effect) amounted to RMB151.4 million, representing a decrease of 78.5% from RMB703.4 million for 2012.

Results for the year ended 31 December 2013 are as follows:

RMB'000	2013	2012
Revenue	**8,217,194**	8,384,740
Cost of sales	**(7,166,239)**	(6,463,366)
Gross profit	**1,050,955**	1,921,374
Other income	**101,634**	82,043
Other gains, net	**298,587**	520,077
Selling and marketing expenses	**(269,759)**	(235,457)
Administration expenses	**(471,108)**	(405,582)
Finance costs	**(2,548)**	(8,326)
Share of loss of an associate	**(2,879)**	(1,704)
Share of loss of a joint venture	**(7,068)**	(3,382)
Profit before income tax	**697,814**	1,869,043
Income tax expenses	**(409,284)**	(790,855)
Profit for the year	**288,530**	1,078,188
Profit attributable to:		
— the owners of the Company	**292,074**	1,081,631
— non-controlling interests	**(3,544)**	(3,443)
Profit for the year	**288,530**	1,078,188

Revenue

For the year ended 31 December 2013, the Group recorded a consolidated revenue of RMB8,217.2 million, representing a decrease of 2.0% compared to RMB8,384.7 million in 2012. During the year, the Group delivered properties of 945,952 sq.m., as compared to 1,042,891 sq.m. for the year ended 31 December 2012. Due to the higher proportion of properties delivered in the first-tier cities in current year, average selling price recognised increased by 8.0% from RMB8,040 per sq.m. in 2012 to RMB8,687 per sq.m. in 2013.

Four projects including Shanghai City Glorious, Dalian Villa Glorious, Glorious Artstyle Townhouse in Beijing and Tianjin Royal Bay Seaside started to contribute revenue to the Group's consolidated revenue for the first time in 2013, amounting to RMB1,674.8 million, RMB765.1 million, RMB601.4 million and RMB342.7 million respectively, representing 20.4%, 9.3%, 7.3% and 4.2% of the Group's consolidated revenue for 2013, ranking first, fourth, fifth and ninth of all of the Group's projects in 2013. Shanghai Bay in Shanghai continued to contribute revenue to the Group's revenue in 2013 with RMB1,469.7 million, ranking second in the Group's consolidated revenue.

Financial Review (Continued)

Cost of Sales

The cost of sales for the year ended 31 December 2013 was RMB7,166.2 million, representing an increase of 10.9% compared to RMB6,463.4 million in 2012. The cost of sales for the year ended 31 December 2013 included a provision for impairment of certain property development projects which amounted to RMB285.6 million (2012: RMB54.2 million). Excluding the provision for impairment, the Group's average cost of sales in 2013 was RMB7,274 per sq.m., which was 18.4% higher than that of RMB6,145 per sq.m. in 2012.

Components of the consolidated cost of sales for the year are as follows:

	2013		2012	
	RMB'000	**RMB per sq.m.**	RMB'000	RMB per sq.m.
Construction costs	**4,047,549**	**4,280**	3,438,881	3,297
Land costs	**1,626,380**	**1,719**	1,967,716	1,887
Capitalised interests	**741,846**	**784**	535,208	513
Business taxes and other levies	**464,911**	**491**	467,163	448
Sub-total	**6,880,686**	**7,274**	6,408,968	6,145
Provision for impairment of properties under development and completed properties held for sale	**285,553**	**N/A**	54,173	N/A
Cost of sales of other business	**—**	**N/A**	225	N/A
Total	**7,166,239**		6,463,366	

The higher average cost of sales was mainly due to higher construction costs associated with the properties from the new projects that were sold and delivered 2013.

Gross Profit

The Group's consolidated gross profit for 2013 was RMB1,051.0 million, representing a decrease of 45.3% from a gross profit of RMB1,921.4 million in 2012. The Group's gross profit margin was 12.8% for the year ended 31 December 2013, as compared to 22.9% for 2012. The consolidated gross profit and gross profit margin was lower mainly because the increase in the average selling price was smaller than the increase in the average cost of sales for the properties sold and delivered in the current year, as well as due to inclusion of the provision for impairment of the Group's properties for the current year.

Other Income

Other income for the year ended 31 December 2013 was RMB101.6 million (2012: RMB82.0 million), mainly included interest income of RMB69.7 million (2012: RMB41.8 million).

Other Gains, Net

Other gains, net for the year ended 31 December 2013 were RMB298.6 million (2012: RMB520.1 million), which primarily included a fair value gain on the Group's investment properties of RMB187.5 million and an exchange gain of RMB111.1 million (2012: RMB504.3 million and RMB15.8 million).

Selling and Marketing Expenses

Selling and marketing expenses for the year ended 31 December 2013 were RMB269.8 million, representing an increase of 14.6% as compared to RMB235.5 million in 2012. During the year, the Group has put in more marketing resources to boost the sales of the remaining units of those earlier projects, and launched various promotional activities to cope with the Group's new project launching activities this year. As a result, the Group has incurred a higher level of selling and marketing expenses during 2013 as compared to that of 2012.

Financial Review (Continued)

Administrative Expenses

Administrative expenses for the year ended 31 December 2013 were RMB471.1 million, an increase of 16.2% compared to RMB405.6 million for 2012. Although the Group has continued to implement cost-saving measures in the current year, the execution of these measures was not very effective to bring in a favourable result and thus resulted in an increase in current year's administrative expenses as compared to last year.

Finance Costs

Gross finance costs for the year ended 31 December 2013 were RMB2,501.4 million, representing an increase of 35.0% from RMB1,853.3 million for 2012. For the year ended 31 December 2013, finance costs of RMB2,498.9 million (2012: RMB1,845.0 million) have been capitalised, leaving RMB2.5 million (2012: RMB8.3 million) charged directly to the consolidated statement of comprehensive income.

Profit Before Income Tax

The Group's profit before income tax for the year ended 31 December 2013 was RMB697.8 million, representing a decrease of 62.7% compared to RMB1,869.0 million for 2012. The lower profit before income tax for 2013 was primarily due to the decrease in gross profit margin of the properties sold and delivered in the current year and the lower fair value gains of the investment properties. Besides, the provision for impairment of the Group's properties for the current year also caused the profit before income tax to decrease significantly.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2013 was RMB409.3 million, representing a decrease of 48.2% as compared to RMB790.9 million for 2012. The decrease in income tax expenses was primarily due to the decrease in pre-tax income as a result of the lower gross profit in current year. The effective income tax rate was 58.7% for the year ended 31 December 2013, which is higher than 42.3% for 2012.

Profit Attributable to the Owners of the Company

The Group's profit attributable to the owners of the Company for the year ended 31 December 2013 was RMB292.1 million, representing a decrease of 73.0% compared to RMB1,081.6 million for 2012. The decrease in profit attributable to the owners of the Company was mainly due to the decrease in gross profit margin of the properties sold and delivered in the current year and the lower fair value gains of the investment properties, as well as the inclusion of the provision for impairment of the Group's properties for the current year. Profit attributable to the owners of the Company for the year ended 31 December 2013, excluding fair value gains from investment properties and the related tax effect, amounted to RMB151.4 million, which was 78.5% lower than RMB703.4 million for 2012.

Current Assets and Liabilities

As at 31 December 2013, the Group held total current assets of approximately RMB38,018.9 million (2012: RMB38,596.5 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development decreased slightly by 2.1% from RMB22,256.4 million as at 31 December 2012 to RMB21,794.2 million as at 31 December 2013. Despite the continuous progress of the Group's property development projects that have resulted in an increase in the carrying value of properties under development in 2013, the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties during the year. Trade and other receivables and prepayments decreased slightly 6.0% from RMB7,774.3 million as at 31 December 2012 to RMB7,310.6 million as at 31 December 2013, mainly comprised prepayments for land premium for which the relevant land use right certificates were yet to be obtained and prepayment for construction costs. Completed properties held for sale increased by 11.9% from RMB5,044.4 million as at 31 December 2012 to RMB5,643.2 million as at 31 December 2013. The higher balance of completed properties held for sale was mainly due to completion of four new projects in 2013 that the completed but unsold properties were reclassified as completed properties held for sale.

Financial Review (Continued)

Current Assets and Liabilities (Continued)

Total current liabilities as at 31 December 2013 amounted to RMB18,705.3 million, compared with RMB21,824.1 million as at 31 December 2012, for which the decrease was mainly due to decrease in advanced proceeds received from customers and trade and other payables.

As at 31 December 2013, the current ratio (calculated as the total current assets divided by the total current liabilities) was 2.0 (2012: 1.8). The higher current ratio in 2013 was mainly resulted from the lower level of current borrowings.

Liquidity and Financial Resources

During the year ended 31 December 2013, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2013, the Group had cash and cash equivalents of RMB1,547.3 million as compared to RMB992.7 million as at 31 December 2012.

As at 31 December 2013, the Group's total borrowings amounted to RMB19,085.4 million, representing an increase of 20.9% compared to RMB15,784.2 million as at 31 December 2012. As at 31 December 2013, the Group's borrowings comprised the following:

RMB'000	2013	2012
Bank borrowings	**14,900,580**	13,455,903
Senior Notes due 2015[(1)]	**1,829,070**	1,885,650
Senior Notes due 2018[(1)]	**2,438,760**	—
Other borrowings	**225,200**	647,790
Sub-total	**19,393,610**	15,989,343
Adjusted by: unamortised loan arrangement fees and accrued interests	**(308,231)**	(205,161)
Total borrowings	**19,085,379**	15,784,182

Note:

(1) Please refer to note 20 to the consolidated financial statements for the definition of Senior Notes due 2015 and Senior Notes due 2018.

The maturities of the Group's borrowings as at 31 December 2013 were as follows:

RMB'000	2013	2012
Within 1 year	**5,316,571**	6,094,505
After 1 and within 2 years	**6,423,597**	6,365,956
After 2 and within 5 years	**7,305,211**	2,762,047
After 5 years	**40,000**	561,674
Total	**19,085,379**	15,784,182

As at 31 December 2013, the Group had total banking facilities of RMB32,510 million (2012: RMB30,701 million) consisting of used banking facilities of RMB14,901 million (2012: RMB11,637 million) and unused banking facilities of RMB17,609 million (2012: RMB19,064 million).

Financial Review (Continued)

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2013 and 2012 were as follows:

RMB'000	**2013**	2012
Total borrowings	**19,085,379**	15,784,182
Less: cash and bank balances	**(2,952,781)**	(3,300,189)
Net debt	**16,132,598**	12,483,993
Total equity attributable to the owners of the Company	**18,449,881**	18,151,070
Gearing ratio	**87.4%**	68.8%

The gearing ratio for 2013 was higher than that for 2012 as a result of the increase in the Group's total borrowings.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2013, the Group's short-term debt ratio was 27.9% (2012: 38.6%).

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all of the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, including the US$300.0 million Senior Notes due 2015 issued by the Company in October 2010 and the US$400.0 million Senior Notes due 2018 issued by the Company in March 2013. Apart from the Senior Notes due 2015 and the Senior Notes due 2018 that may cause the Group being exposed to a higher level of foreign exchange risk, the directors consider the exposures to foreign exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2013, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2013**	2012
Cash and bank balances:		
US$	**2,527**	8,329
HK$	**4,789**	1,871
Total	**7,316**	10,200
Borrowings:		
US$	**4,353,213**	3,755,246
Total	**4,353,213**	3,755,246
Trade and other payables:		
US$	**9,145**	17,921
HK$	**10,208**	10,555
Total	**19,353**	28,476

Financial Review (Continued)

Foreign Exchange Risk (Continued)

During the year ended 31 December 2013, the Group had not entered into any foreign currency hedging arrangements. Management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2013, if RMB had strengthened/weakened by 5% against other currencies with all other variables held constant, post-tax profit for the year ended 31 December 2013 would have been RMB218.3 million higher/lower (2012: RMB188.7 million higher/lower).

Interest Rate Risk

As the Group has no significant interest-bearing assets except for the cash at bank and certain bank deposits, loan to a joint venture and certain other receivables, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's receivables that carry at fixed interest rates may expose the Group to fair value interest rate risk. The Group's exposures to changes in interest rates are mainly attributable to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates may expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 December 2013, the Group's total borrowings amounted to RMB19,085.4 million (2012: RMB15,784.2 million), of which RMB12,845.4 million (2012: RMB7,013.6 million) bears fixed interest rate.

As at 31 December 2013, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been RMB7.7 million (2012: RMB12.5 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Pledge of Assets

As at 31 December 2013, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	**2013**	2012
Construction in progress	**1,196,131**	968,163
Investment properties	**4,310,390**	5,817,000
Properties under development	**7,900,757**	8,590,531
Completed properties held for sale	**2,110,521**	2,062,635
Total	**15,517,799**	17,438,329

As at 31 December 2013, equity interests of certain of the Company's subsidiaries and a joint venture and certain bank deposits had been pledged for the Group's borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligation of such purchasers. Such guarantees terminate upon the earlier of: (i) the issuance of the real estate ownership certificate which is generally available within an average period of one to two years upon the completion of the registration of the guarantee; or (ii) the full repayment of the mortgage loan by the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage.

As at 31 December 2013, the amount of outstanding guarantees for mortgages was RMB6,866.0 million (2012: RMB6,404.4 million).

Financial Review (Continued)

Capital and Operating Lease Commitments

As at 31 December 2013, the Group had capital commitments as follows:

RMB'000	2013	2012
Land use rights	**1,614,661**	279,068
Property development expenditures	**6,981,262**	6,888,784
Construction materials	**6,054**	19,346
Total	**8,601,977**	7,187,198

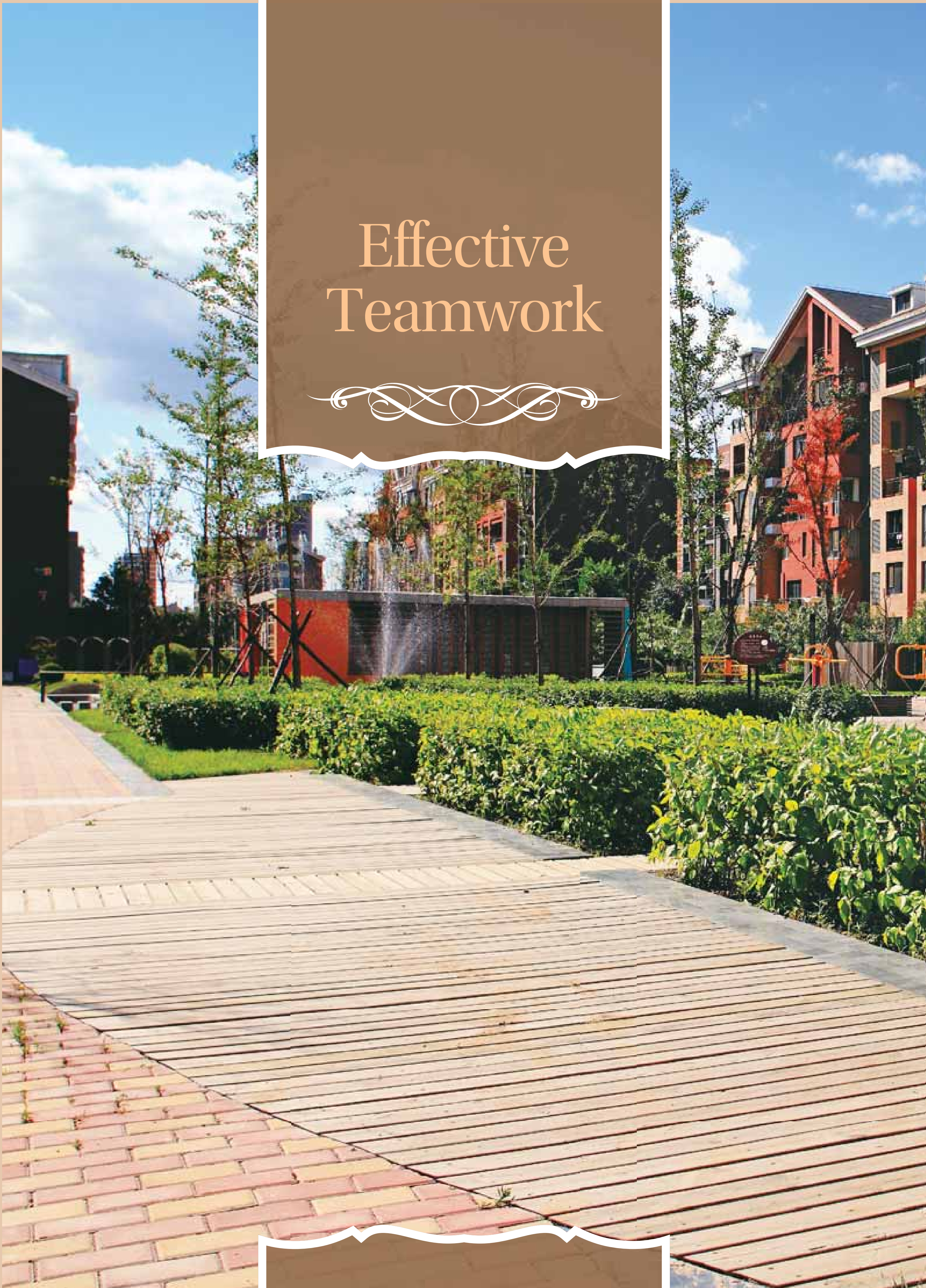
As at 31 December 2013, the future aggregate minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings were as follows:

RMB'000	2013	2012
No later than 1 year	**22,861**	19,610
Later than 1 year and no later than 5 years	**28,043**	13,291
Total	**50,904**	32,901

Employee and Remuneration Policy

As at 31 December 2013, the Group had a total of 1,170 employees (2012: 1,305 employees). Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2013 amounted to RMB169.1 million (2012: RMB198.0 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted annual bonus. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

Effective Teamwork



Investor Relations

The Group maintained effective communications with shareholders and investors and transparency of the Company. Our Investor Relations Department is committed to providing shareholders and investors with a channel for effective communication. In addition to publishing monthly contracted sales data, half-year and annual financial reports regularly on the website of the Hong Kong Stock Exchange, the Group also keeps shareholders and investors well informed about its latest information including sales and development strategies, sales performance, operational and financial condition through emails, conference calls, investor conferences and site visits. This is to ensure the transparency of information and collection of valuable feedbacks from the market at a higher level to enhance the scope and effect of communication.

During the year, the Group participated in several major investor conferences and arranged project site visits for the investment community with approximately one hundred participants. Besides, teleconferences, one-on-one and small group meetings were also convened. In addition, the management of the Group and the Investor Relations team maintained close and frequent communications with analysts and investors via phone calls or emails. These effective communication channels enable investors to gain a better and timely understanding of the Group's operations and development strategies, increasing transparency of the Group's operating information and facilitating the collection of precious feedbacks from the market.

The Group held the 2013 Annual General Meeting

Corporate Social Responsibility Report

Environmental Protection and Promotion

The Group endeavors to construct premium residential projects and actively integrates environmental considerations into them. The Group also promotes the concept of caring for the nature and environmental conservation, so as to promote green management and create a pleasant environment.

Since the establishment of the Group, it has strictly complied with laws and regulations regarding environmental protection and adopted innovative and effective environmental technologies to ensure each of its projects meets the highest construction standards and ethics in respect of environmental protection. Regarding the project design and construction, the Group has formulated corresponding energy-saving and green building specifications which are applied to procedures in project construction and has conducted regular reviews on these measures. During the stage of planning and design, the Group has actively promoted material saving and the extensive use of environmental friendly construction materials so as to protect the environment and improve air quality within the community. During the construction stage, the Group has emphasized the importance of minimising greenhouse gas emission in order to reduce air and noise pollutions and lessen the impact on the surrounding environment.

To promote environmental consciousness, the Group organised a variety of environmental friendly activities including "Tree Planting at May 4th Youth Festival", thereby greening the environment and conveying message of environmental protection to the public.

The Group has been awarded honors on promoting environmental protection and green management over the years, such as awards in environmental design, energy saving and environmental protection etc. In the past, Nantong Royal Bay of the Group received the "Green Building Design Rating Label – Grade 2", recognising the achievement of the Group's efforts on environmental protection.

Greenery measures of Sunny Town in Shenyang

Staff Development and Personal Growth

The Group strongly believes that employees are the most valuable assets of an enterprise and regards human resources as its corporate wealth. The Group actively organises various cultural activities in respect of staff culture, sports and arts, to promote physical and mental well-being of employees. In addition, the Group provides comprehensive and sound training and job promotion opportunities, organises outward bound activities, establishes mutual assistance system to its staff, fostering team spirit and cohesion among them.

As at the end of 2013, the Group had a total of 1,170 contract staff and the number of attendance participated in its training courses was 507. Through different training courses, the Group enhanced staff's professional knowledge in corporate operations, occupational skills, team building and quality management. During the year, the Group organised and commenced training sessions on management capability to enrich staff's expertise in management. The Group also organised "Training Sessions for the Senior Management" and training sessions on the "Products Standardisation and Design Management" to enhance staff's management and execution capabilities in products control and quality management. In addition, internal training seminars were also held for directors of the Group during the year to further enhance the management capability and executive capability of the senior management team.

The Group also organised various kinds of cultural activities to provide communication opportunities among staff, which was vital to team building and staff relationship establishment. During the year, the Group held the Spring Games, badminton competition, celebrations on Women's Day and other social activities for staff to participate in, strengthening the cohesion and sense of belonging within the Group.

To promote the Group's corporate culture, serve as an example and spread the message, the Group has once again organised "2013 Excellent Team and Stars of Glorious", a campaign for the election, at the end of the year with a view to recognising the outstanding performance of staff and teams from different departments. The awards granted at the campaign included three categories, namely, "Stars of Glorious – Excellent Staff", "Stars of Glorious – The Best New Comer" and "Excellent Team". 45 staff and team units in total were awarded and encouraged to scale new heights.

Military training for the staff was organised by Shanghai office of the Group

Social Charity and Services

The Group actively fulfills its social responsibility through various means to help the needy in the society and to commit to its corporate citizenship.

In the past, the Group organised a number of charitable visits, including visit to children welfare house to bring love and donations to the physically challenged children there. The Group also organised a volunteer team to visit elderly home and brought care and blessings to the elderly.

To promote the concept of healthy lifestyle and encourage the community to lead a healthy life, the Group organised a variety of sports and cultural activities including tennis competition for homeowners, themed photo contest, renovation competition for homeowners, and storytelling contest for juniors, which attracted the participation of many families in the community. The diversity of the activities also satisfy physical, mental and social needs of householders of all ages to create harmonious community.

During the year, the Group proactively fulfilled its responsibility and spirit as a decent corporate citizen. A "Caring Company 2013/14" logo was awarded by The Hong Kong Council of Social Service to commend and compliment the Group's efforts in promoting and fostering its green management, employee relationships and charitable activities. "Caring Company" activity has been organised by The Hong Kong Council of Social Service (HKCSS) since 2002. HKCSS is an authoritative social welfare association which provides over 90% of the social welfare services in Hong Kong. "Caring Company" is one of the major activities of the association and this activity aims to foster business and social service organisations to work together.

Harbin office organised the staff to join the badminton competition which held by Shanghai chamber of commerce in Heilongjiang

Awards

Awards		Awarded Units/Projects	Hosted and prize-presented by
"China Top 100 Listed Real Estate Companies 2013": – "Top 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths 2013" – "Top 5 China Real Estate Listed Companies with Best Business Performance 2013"	1	Glorious Property Holdings Limited	China Real Estate Research Society, China Real Estate Association and China Real Estate Appraisal Center
"Boao Real Estate Forum - China Real Estate Fashion Awards": – "Property Developers with the Best Investment Value in China 2013"	2	Glorious Property Holdings Limited	Boao Real Estate Forum Committee and www.guandian.cn
"The 1st Longjiang Cup Real Estate Election in Heilongjiang Province": – "Outstanding Property Developer"	3	Glorious Harbin Company	Heilongjiang Real Estate Association
"Ranking of Harbin Real Estate for the Year of 2012": – "The Best Property for the Year"	4	Harbin Villa Glorious	Ministry of Housing
"The 10th China (Shanghai) Real Estate Internet Popularity Ranking 2013": – "Shanghai Internet Marketing Driven Property 2013"	5	Shanghai City Glorious	SouFun.com
"China Economic Development and Urbanisation Development Summit Forum and The Beijing News 7th Model Estate and Home Furnishing Awards": – "The Most Livable Housing Model in Beijing 2012" – "Model Leader in the Property Industry of Beijing 2012"	6	Reflection of Eiffel Glorious Ms. Liu Yan Xia, Chairlady and Chief Executive Officer of Beijing office of the Group	Beijing News, Economic Research Department of Chinese Academy of Governance and QQ.com
"The 1st Annual Conference of China Retail Development Director and The 5th China Retail Real Estate Investment Promotion Conference" – "2012-2013 China Retail Real Estate Promoter Award"	7	Mr. Zhang Hong, chairman of Shenyang Glorious Guangchang Commercial Management Co., Ltd., a subsidiary of the Company	Chinese Retail Development Director

Awards


1
2013中国
最具投资价值地产企业
2
房地产开发优秀企业
3
恒盛豪庭
年度最佳楼盘
4
网络人气榜
恒盛豪庭
5
新京报
2012北京房地产行业
生态宜居标杆楼盘
恒盛·埃菲尔映像
6
7

Biographies of Directors

Directors

Executive Directors

Mr. Cheng Li Xiong (程立雄)

Mr. Cheng Li Xiong, aged 44, is the chairman of the board of directors of the Company (the "Board") and an executive director of the Company. Mr. Cheng is also a director of a number of subsidiaries of the Company. He is in charge of the overall strategy and investment of the Company. Mr. Cheng joined the Group on 1 September 2001 as the general manager of the Company's subsidiary, Shanghai Haosen Property Co., Ltd. Mr. Cheng was appointed as the executive vice chairman of the Company on 28 August 2012. On 26 November 2012, he ceased to be the executive vice chairman and chief executive officer of the Board and was appointed as the chairman of the Board of the Company. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). Mr. Cheng has more than 20 years of experience in the planning, development, construction and management of land and property. Mr. Cheng is also a qualified property valuer in the PRC. Mr. Cheng graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Ding Xiang Yang (丁向陽)

Mr. Ding Xiang Yang, aged 46, is the vice chairman of the Board and an executive director of the Company. Mr. Ding is also a director of a number of subsidiaries of the Company. With more than 12 years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Group's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of the controlling shareholder of the Company, Mr. Zhang Zhi Rong.

Mr. Xia Jing Hua (夏景華)

Mr. Xia Jing Hua, aged 42, is an executive director and a vice president of the Company, responsible for devising the financial strategies, the overall financial and asset management of the Group. Mr. Xia is also a director of a number of subsidiaries of the Company. Mr. Xia joined the Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of the Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than 14 years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively. In 2012, Mr. Xia completed the CEIBS Executive MBA Programme and was awarded the degree of Master of Business Administration by China Europe International Business School.

Mr. Yan Zhi Rong (嚴志榮)

Mr. Yan Zhi Rong, aged 52, is an executive director of the Company. Mr. Yan is also a director of a number of subsidiaries of the Company. With more than 15 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

Mr. Yu Xiu Yang (于秀陽)

Mr. Yu Xiu Yang, aged 59, is an executive director and a vice president of the Company. Mr. Yu was appointed as an executive director of the Company on 20 May 2011. He is also a director of a number of subsidiaries of the Company. Mr. Yu has more than 12 years of experience in handling legal affairs in the real estate industry in the PRC. Since joining the Group in February 2008, Mr. Yu has been primarily responsible for the legal risk control and management of the Group. Prior to joining the Group, Mr. Yu worked as the head of the Legal Publicity Division of Shanghai Bureau of Justice from 1986 to 1996, the head of the research department of the Shanghai Law Society and the associate editor of Shanghai Journal of Legal Studies from 1997 to 2003, and the head of Sunglow Elite Law Firm, Shanghai from 2003 to 2008. Mr. Yu obtained his legal qualification from the faculty of arts of Shanghai University in June 1988 and has been admitted as a practising solicitor in the PRC since 1993.

Independent Non-Executive Directors

Mr. Yim Ping Kuen (嚴炳權)

Mr. Yim Ping Kuen, aged 51, is an independent non-executive director of the Company. Mr. Yim is currently a director of Centalent CPA Limited (formerly practising as Lau, Yim, Chiu and Co.), a public accounting firm in Hong Kong. Mr. Yim has been a financial controller, company secretary and chief financial officer for various international companies in different industries, including listed companies in Hong Kong and Singapore. He has more than 26 years of experience in accounting and setting up financial operations for companies in Asia. Mr. Yim joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. Mr. Yim graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1986 and also holds a master's degree in corporate finance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

In accordance with the articles of association of the Company, Mr. Yim Ping Kuen will retire by rotation at the annual general meeting to be held on 30 May 2014. Mr. Yim has indicated to the Company that he will not offer himself for re-election at the meeting.

Mr. Liu Shun Fai (廖舜輝)

Mr. Liu Shun Fai, aged 43, is an independent non-executive director of the Company. Mr. Liu is currently the chief financial officer of a company listed on the Hong Kong Stock Exchange. Mr. Liu has more than 21 years of experience in auditing and accounting. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang (沃瑞芳)

Mr. Wo Rui Fang, aged 73, is an independent non-executive director of the Company. From 1965 to 1993, Mr. Wo worked at the Design Administration Bureau (設計管理局) of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice-mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then rejoined the Design Administration Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction (建設部執業資格註冊中心). Mr. Wo has accumulated more than 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

Mr. Han Ping (韓平)

Mr. Han Ping, aged 45, is an independent non-executive director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of six years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 20 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC.

Corporate Governance Report

The board of directors (the "Directors") of Glorious Property Holdings Limited (the "Company") is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2013 (the "Review Period").

The board of directors (the "Board") and the management of the Company are committed to achieving and maintaining high standards of corporate governance which they believe are crucial to the development of the Company and the benefits of its shareholders.

As a responsible business enterprise, the corporate governance standards of the Company are built on the principles of independence, accountability, transparency and honesty.

Corporate Governance

Compliance with Corporate Governance Code

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") throughout the Review Period.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code throughout the Review Period.

Board Composition

During the Review Period and up to the date of this report, the Board consists of the following Directors:

Executive Directors:

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman)*
Mr. Xia Jing Hua
Mr. Yan Zhi Rong
Mr. Yu Xiu Yang
Mr. Liu Ning *(Resigned as the executive Director and chief executive officer of the Company on 5 February 2014)*

Independent Non-Executive Directors:

Mr. Yim Ping Kuen
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Biographical details of the Directors are set out on pages 54 to 56 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong, the controlling shareholder of the Company. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other.

Board Composition *(Continued)*

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

All Directors bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning.

The Company has four independent non-executive Directors ("INEDs"), at least one of whom has appropriate financial management expertise in compliance with the Listing Rules. The Company has received annual independence confirmations from all the INEDs and concluded that all of them are independent pursuant to Rule 3.13 of the Listing Rules.

The INEDs serve on the audit committee, the remuneration committee and the nomination committee of the Company. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Company's strategy, performance and management process, taking into account the interests of all shareholders.

Details of emoluments of the Directors are set out in note 30 to the consolidated financial statements.

Roles and Responsibilities of the Board

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. It is responsible for formulating strategies and management policies of the Company, approving the strategic objectives of the Company and ensuring the availability of necessary financial and other resources to meet such objectives. The Board also supervises and regularly reviews the Company's regulations and rules. The Directors perform their duties in a faithful and diligent manner and act in the best interests of the Company and its shareholders as a whole.

Moreover, the Board is also responsible for presenting a clear and balanced assessment of the Company's performance and prospects, preparing accounts that give a true and fair view of the Company's financial position on a going concern basis and disclosing other inside information.

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily management, operations and administration of the Company.

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Company from their risk exposure arising from the business of the Group.

Chairman and Chief Executive Officer

The chairman, Mr. Cheng Li Xiong, has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. Mr. Cheng is also responsible for the day-to-day management of the Group's business (previously responsible by Mr. Liu Ning prior to his resignation as the executive Director and the chief executive officer of the Company on 5 February 2014). Mr. Cheng also ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. In addition, he ensures that all Directors are properly briefed on issues to be discussed at Board meetings.

Board Meetings

The Company held four Board meetings during the Review Period.

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily management and operations of the Group have been delegated to the management of the Group.

Notices of Board meetings were given to all Directors at least 14 days prior to the meetings and all Directors are entitled to include items which they think fit for discussion in the agenda of the meetings.

Draft and final versions of the minutes of the Board and the committees' meetings were sent to the Directors and the committees' members for their comment and records respectively in a timely manner.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference. Currently, the Audit Committee comprises four INEDs, namely, Mr. Yim Ping Kuen (chairman of the Audit Committee), Mr. Liu Shun Fai, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Audit Committee are, among others, as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of external auditor, and to approve remuneration and terms of engagement of external auditor, and any questions of resignation or dismissal of external auditor;

2. to consider the plan for each year's audit submitted by the external auditor and discuss the same at a meeting if necessary;

3. to monitor the integrity of the Company's financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

4. to review the Company's financial controls, internal control and risk management systems;

5. to consider major investigation findings on internal control matters as delegated by the Board or on the Audit Committee's own initiative, as well as management's response to these findings; and

6. to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

The terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

Audit Committee *(Continued)*

Two meetings were held by the Audit Committee during the Review Period. The following is a summary of the work of the Audit Committee during the Review Period:

1. Reviewed the annual results (including the announcement thereof) and the unaudited financial statements for the year ended 31 December 2012;

2. Reviewed the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2013;

3. Reviewed the external auditor's audit findings and other audit issues;

4. Reviewed the effectiveness of the internal control system; and

5. Reviewed the external auditor's remuneration.

On 28 March 2014, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Group's consolidated financial statements for the year ended 31 December 2013 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2013.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two INEDs, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Mr. Liu Shun Fai and one executive Director, namely Mr. Cheng Li Xiong. The main duties of the Remuneration Committee are, among others, as follows:

1. to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors;

2. to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors or any associate company of any of them;

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

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

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and

6. to conform any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

The terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

Remuneration Committee *(Continued)*

A meeting was held and two written resolutions were passed by the Remuneration Committee during the Review Period. The following is a summary of the work of the Remuneration Committee during the Review Period:

1. Reviewed, considered and made recommendation of the remuneration packages proposed for all Directors and senior management of the Company;

2. Reviewed, considered and made recommendation as to the amendment of the remuneration packages of each of the executive Directors namely, Mr. Ding Xiang Yang, Mr. Liu Ning, Mr. Xia Jing Hua, Mr. Yan Zhi Rong and Mr. Yu Xiu Yang; and

3. Reviewed, considered and made recommendation as to the amendment of the terms of each of the services contracts of the executive Directors namely, Mr. Ding Xiang Yang, Mr. Liu Ning, Mr. Xia Jing Hua, Mr. Yan Zhi Rong and Mr. Yu Xiu Yang.

Remuneration of Directors and Senior Management

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 30 to the financial statements.

Pursuant to B.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management(1) by band for the year Review Period is set out below:

Remuneration bands (RMB)	Number of persons
500,001 to 1,000,000	1
1,000,001 to 2,000,000	1
2,000,001 to 3,000,000	—
3,000,001 to 4,000,000	—
4,000,001 to 5,000,000	1

Note:

(1) Mr. Jiang Yong Jin, Mr. Ding Yan Lin and Mr. Zheng Qun Guo ceased to be the members of the senior management of the Company prior to the date of this report.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 1 April 2012 with written terms of reference. On 29 August 2013, the Board approved and adopted the board diversity policy and revised terms of reference of the Nomination Committee, which are in line with the Listing Rules relating to the board diversity effective from 1 September 2013. Currently, the Nomination Committee comprises one executive Director, namely Mr. Cheng Li Xiong (chairman of the Nomination Committee) and two INEDs, namely, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Nomination Committee are, among others, as follows:

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

2. to review the balance between executive and non-executive Directors (including INEDs) on the Board;

3. to review the board diversity policy and the measurable objectives that the Board has adopted for implementing this policy, and monitor the progress on achieving the objectives and make the relevant disclosure in the corporate governance report;

4. to assess the independence of INEDs;

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

6. to determine the policy, procedures and criteria for the nomination of Directors.

The terms of reference of the Nomination Committee (which was amended and adopted by the Board on 29 August 2013) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

A meeting was held by the Nomination Committee during the Review Period to discuss and review the structure, size and composition (including the skills, knowledge and experience) of the Board and senior management of the Company.

Board Diversity Policy

On 29 August 2013, the Company adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to the talents, skills, knowledge, age, industry experience, race, gender and other qualities. These differences will be considered in determining the optimum composition of the Board. All appointments of the members of the Board will also be based on meritocracy while taking into account diversity.

The Nomination Committee will review and assess annually all measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including but not limited to, those described above.

Board Diversity Policy *(Continued)*

The Nomination Committee will report annually, in the corporate governance report of the Company's annual report, a summary of the Policy, the measurable objectives that the Board has adopted for implementing the Policy, and the progress made towards achieving these objectives.

The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy and also recommend any proposed changes to the Board for approval.

Corporate Governance Committee

The corporate governance committee of the Company (the "CG Committee") was established on 1 April 2012 with written terms of reference. Currently, the CG Committee comprises three executive Directors, namely, Mr. Yu Xiu Yang (chairman of the CG Committee), Mr. Cheng Li Xiong and Mr. Ding Xiang Yang. The main duties of the CG Committee are, among others, as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

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

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

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with all the applicable provisions in the Corporate Governance Code and the disclosure in the Corporate Governance Report.

The terms of reference of the CG Committee are available on the website of the Company at www.gloriousphl.com.cn.

A meeting was held by the CG Committee during the Review Period. The meeting was held to review, consider and discuss the following matters regarding the corporate governance of the Company:

1. Reviewed the Company's policies and practices on corporate governance;

2. Reviewed and recommended the training and continuous professional development of Directors and senior management of the Company;

3. Reviewed the compliance with the Model Code; and

4. Reviewed the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as included in the Annual Report 2012.

Finance Committee

The Board established a finance committee (the "Finance Committee") in April 2010 with delegated authority to review and approve certain financial matters of the Group. Currently, the Finance Committee comprises Mr. Cheng Li Xiong (chairman of the Board), Mr. Ding Xiang Yang (vice chairman of the Board) and Mr. Xia Jing Hua (appointed on 5 February 2014, subsequent to the resignation of Mr. Liu Ling as the executive Director and chief executive officer of the Company and a member of the Finance Committee of the Board with effect from the same date), and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme (details of which are described in the section headed "Share Option Schemes" of this annual report).

Attendance Record at Meetings

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting, CG Committee meeting and Annual General Meeting during the Review Period are set out in the following table:

	Number of meetings attended/Number of meetings held					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	CG Committee	Annual General Meeting
Executive Directors						
Mr. Cheng Li Xiong	4/4	—	1/1	1/1	1/1	1/1
Mr. Ding Xiang Yang	4/4	—	—	—	1/1	1/1
Mr. Liu Ning[(1)]	4/4	—	—	—	—	1/1
Mr. Xia Jing Hua	4/4	—	—	—	—	1/1
Mr. Yan Zhi Rong	4/4	—	—	—	—	1/1
Mr. Yu Xiu Yang	3/4	—	—	—	1/1	0/1
Independent Non-Executive Directors						
Mr. Yim Ping Kuen	4/4	2/2	—	—	—	1/1
Mr. Liu Shun Fai	4/4	2/2	1/1	—	—	1/1
Mr. Wo Rui Fang	4/4	2/2	1/1	1/1	—	1/1
Mr. Han Ping	4/4	2/2	—	1/1	—	0/1

Note:

(1) Resigned as the executive Director and the chief executive officer of the Company on 5 February 2014

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid out in the articles of association of the Company. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the INEDs.

All Directors are appointed based on their merits and experiences relevant to the business of the Group. Each of the executive Directors has entered into a service contract with the Company with no specific term (except Mr. Yu Xiu Yang who has entered into a service contract with the Company for a term of three years commencing on 20 May 2011). Each of the INEDs has entered into an appointment letter with the Company for a term of one year commencing on 2 October 2012, which was renewed for one year from 2 October 2013. In accordance with the provisions of the Corporate Governance Code and the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the annual general meeting upon his retirement by rotation.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company has established a Nomination Committee on 1 April 2012. One of the responsibilities of the Nomination Committee is to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. It is also responsible for recommending the appointment of Directors for the Board's approval.

New Directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

Directors' Induction and Continuous Professional Development

Pursuant to the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

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

All Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors and senior executives from time to time to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional and regulatory bodies in Hong Kong and overseas so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, all Directors are also provided with written materials to develop and refresh their professional skills; the Company Secretary also organises and arranges various seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and executives an in-house workshop on the Listing Rules and the Securities and Futures Ordinance (Cap. 571, Law of Hong Kong) (the "SFO").

Directors' Induction and Continuous Professional Development *(Continued)*

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

Name of Director	Corporate Governance/ Updates on laws, rules and regulations Read materials	Attend seminars/ In-house workshop
Executive Directors		
Mr. Cheng Li Xiong	✓	✓
Mr. Ding Xiang Yang	✓	✓
Mr. Liu Ning [(1)]	✓	✓
Mr. Xia Jing Hua	✓	✓
Mr. Yan Zhi Rong	✓	✓
Mr. Yu Xiu Yang	✓	✗
Independent Non-Executive Directors		
Mr. Yim Ping Kuen	✓	✓
Mr. Liu Shun Fai	✓	✓
Mr. Wo Rui Fang	✓	✓
Mr. Han Ping	✓	✓

Note:

(1) Resigned as the executive Director and the chief executive officer of the Company on 5 February 2014

Company Secretary

The company secretary is responsible to the Board for ensuring that board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that the Board is also aware of the impact of such developments when making decisions. The company secretary is also directly responsible for the compliance of the Group with the continuing obligations of the Listing Rules, Securities and Futures Ordinance, Companies Ordinance, the Code on Takeovers and Mergers and Share Repurchases and other applicable laws, rules and regulations.

The company secretary of the Company is Ms. Tai Wing Kwan Catherine, who is an employee of the Company and has day-to-day knowledge of the Company. Ms. Tai is a solicitor in Hong Kong and she is familiar with the Companies Ordinance and other applicable laws, rules and regulations.

Ms. Tai is also well aware of the requirement under Rule 3.29 of the Listing Rules and had complied with such requirement during the Review Period.

Ms. Tai reports to the chairman of the Board regularly.

Shareholders' Rights

How shareholders can convene an extraordinary general meeting

Pursuant to the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such a requisition must be signed by the Shareholder(s).

The procedures by which enquires may be put to the Board and sufficient contact details to enable these enquires to be property directed

Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board in writing through our Investor Relations Department whose contact details are as follows:

Address:	Suites 2501–2504, 25th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
Telephone:	(852) 3101 4888
Facsimile:	(852) 3101 4688
Email:	ir@gloriousphl.com.cn

If necessary, the Investor Relations Department will forward the enquires or concerns to the Company Secretary or other senior management of the Company as appropriate within their area of responsibilities for handling.

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

Procedures for shareholders to propose a person for election as a Director

As regards to the procedures for proposing a person for election as Director (other than the retiring Director of the Company or a person recommended by the Board), please refer to the procedures made available under the Corporate Governance section of the Company's website at http://ir.gloriousphl.com.cn/html/ir_gov.php.

Procedures and Sufficient Contact Details for Putting Forward Proposals at Shareholders' Meetings

Shareholders of the Company are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "How shareholders can convene an extraordinary general meeting" above.

Internal Controls

The Board is responsible for overseeing the Company's system of internal control and is committed to managing business risks and maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets. The management is responsible for designing and implementing the internal control system to achieve the aforesaid objectives.

Under its terms of reference, the Audit Committee performs review of the Company's financial controls, internal control and risk management systems and is responsible for discussing with the management the Company's internal control system.

During the Review Period, the Directors, through the Audit Committee as well as by themselves, conducted periodic reviews of the effectiveness of the Company's internal control system, including financial, operational and compliance controls and risk management functions, and the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions. The Directors generally satisfied with the effectiveness of the Company's internal control system.

The internal audit department of the Company performs regular audit reviews and report of the key controls of the Company to the Board and the Audit Committee. The responsible heads of departments will be notified of the control deficiencies noted for rectification.

To maintain an effective internal control system, all departments of the Company have formulated operational management guidelines, which clearly define the functions and responsibilities of each department and scope of power of each position.

External Auditor

The Company has engaged PricewaterhouseCoopers ("PwC") as its external auditor. In order to maintain PwC's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards, the Audit Committee, under its terms of reference, pre-approves all audit services to be provided by PwC and discusses with PwC the nature and scope of their audit and reporting obligations before the audit commences.

The aggregate remuneration in respect of services provided by PwC for the year ended 31 December 2013 was RMB13.0 million, of which RMB10.5 million represents annual audit fees and RMB2.5 million represents fees for certain audit related services.

The responsibilities of the independent auditor with respect of the consolidated financial statements for the year ended 31 December 2013 are set out in the section "Independent Auditor's Report" on pages 81 and 82.

Directors' Responsibilities for Financial Statements

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2013 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

Shareholders' Meetings

All shareholders of the Company have the right to be informed and participate in material matters of the Company as prescribed by relevant laws and the articles of association of the Company.

The Company regards the annual general meeting as an important event as it provides an invaluable opportunity for the Board to communicate with the shareholders.

During the Review Period, the Company held the annual general meeting on 24 May 2013 to enable the shareholders (i) to consider and approve the audited financial statements and the reports of the Directors and the auditor for the year ended 31 December 2012, (ii) to re-elect the retiring Directors, (iii) to authorise the Board to fix the remuneration of all Directors, (iv) to re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the Board to fix its remuneration and (v) to consider and pass other special businesses in the meeting.

During the Review Period, the Company did not hold any extraordinary general meeting.

Communication with Shareholders and Investors

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions.

The goal of the Company's communication activities is to provide a true and fair view of the Company to the public. To further enhance the Company's relationship with its shareholders and investors and to ensure that all investors have a better understanding of the Company, the Company has established an Investor Relations Department to handle regular contact with investors.

Important events regarding financial results, business development and operations are also announced on a timely basis to investors through the Company's website www.gloriousphl.com.cn.

To maintain and improve the visibility of the Company in the financial community, the Company has participated in various investors' conferences during the Review Period. Going forward, the Company will continue to leverage on various channels and platforms including press conferences, analyst briefings and industry conferences to ensure the timely release of important messages to the public.

Report of the Directors

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

Principal Activities

The Company acts as an investment holding company. The Group is principally engaged in the development and sale of high quality properties in key economic cites in the PRC. As at 31 December 2013, the Group had property development projects in prime locations of key economic cities in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

An analysis of the Group's revenue and total assets during the year, by reportable operating segment, is set out in note 5 to the consolidated financial statements.

Subsidiaries of the Company

A list of the subsidiaries of the Company, together with their places of operation and incorporation, issued capital and registered capital, is set out in note 11 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2013 are set out in the accompanying consolidated statement of comprehensive income on page 86 of this annual report.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2013.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 160 and 161 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2013, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

Major Suppliers and Customers

For the year ended 31 December 2013, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 56.5% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 25.8% of the Group's total purchases.

For the year ended 31 December 2013, the aggregate sales attributable to the Group's five largest customers accounted for 1.4% of the Group's total sales.

During the year ended 31 December 2013, apart from the interest of the father of Mr. Zhang Zhi Rong in Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), as described in the section headed "Continuing Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the Directors, who owns more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.

Donations

Charitable donations made by the Group during the year amounted to RMB1.7 million (2012: RMB3.2 million).

Property, Plant and Equipment

Details of movements in property, plant and equipment, investment properties, properties under development and completed properties held for sale of the Group during the year are set out in notes 6, 7, 12 and 13 to the consolidated financial statements.

Borrowings

Particulars of the borrowings of the Group as at 31 December 2013 are set out in note 20 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB2,498.9 million (2012: RMB1,845.0 million).

Major Properties

Major properties of the Group as at 31 December 2013 are set out on pages 162 to 168 of this annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2013 are set out in notes 23 and 24 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2013, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB4,941.4 million (2012: 5,381.9 million).

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

Directors

The Directors of the Company who held office during the year and as at the date of this annual report are:

Executive Directors:
Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice-chairman)*
Mr. Xia Jing Hua
Mr. Yan Zhi Rong
Mr. Yu Xiu Yang
Mr. Liu Ning *(Resigned as the executive Director and chief executive officer of the Company on 5 February 2014)*

Independent Non-Executive Directors:
Mr. Yim Ping Kuen
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

In accordance with the articles of association of the Company, Messrs. Ding Xiang Yang, Yan Zhi Rong and Yim Ping Kuen will retire from the Board by rotation at the annual general meeting to be held on 30 May 2014. All the retiring Directors, being eligible, offer themselves for re-election (except for Mr. Yim Ping Kuen who will not offer himself for re-election at the meeting).

Directors' Interests in Contracts of Significance

Save for the contracts disclosed in the section headed "Continuing Connected Transactions" below, no contract of significance (as defined in Appendix 16 to the Listing Rules) in relation to the Group's business to which the Company or its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year.

Directors' Interests in Competing Business and Deed of Non-Compete Undertaking

As at 31 December 2013, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

In order to protect the Group's interests and its current business activities, the controlling shareholders of the Company, namely, Best Era International Limited and Mr. Zhang Zhi Rong, had entered into a deed of non-compete undertaking on 9 September 2009 ("Deed of Non-compete Undertaking") in favour of the Company, under which each of Best Era International Limited and Mr. Zhang Zhi Rong has undertaken and covenanted with the Company that pursuant to the terms and conditions of the Deed of Non-compete Undertaking, they shall not and shall procure their respective associates not to directly or indirectly engage or otherwise be interested in the business of the development, sales, leasing and investment of properties in the PRC (other than through the Group) or business which is the same or similar to that carried on by the Group from time to time.

The Company has received a confirmation from Best Era International Limited and Mr. Zhang Zhi Rong in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2013.

The INEDs have also reviewed and confirmed the compliance with, and the enforcement of, the Deed of Non-compete Undertaking by Best Era International Limited and Mr. Zhang Zhi Rong during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2013, the Directors and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the SFO which (a) were recorded in the register required to be kept under Section 352 of the SFO; or (b) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

Name of Director	Number of ordinary shares Personal interests[1]	Corporate interests	Total	Approximate % of shareholding[2]
Mr. Cheng Li Xiong	15,500,000[3]	—	15,500,000	0.20
Mr. Ding Xiang Yang	15,000,000	—	15,000,000	0.19
Mr. Liu Ning[4]	5,000,000	—	5,000,000	0.06
Mr. Xia Jing Hua	5,000,000	—	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	—	5,000,000	0.06

Notes:

(1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the pre-IPO share option scheme of the Company to subscribe for shares in the Company.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2013 (i.e. 7,792,645,623 ordinary shares).

(3) Ms. Wu Yi Wen is the beneficial owner of 500,000 ordinary shares of the Company and is the spouse of Mr. Cheng Li Xiong, the chairman and the executive Director of the Company. By virtue of the SFO, Mr. Cheng is deemed to be interested in the said shares. Mr. Cheng is also interested in options to subscribe for 15,000,000 shares of the Company.

(4) Mr. Liu Ning resigned as the executive Director and the chief executive officer of the Company on 5 February 2014 and therefore the options subscribing for 5,000,000 shares of the Company previously granted to Mr. Liu lapsed on the same date.

All of the interests disclosed above represent long positions in the shares of the Company.

Apart from the aforesaid, as at 31 December 2013, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

As at 31 December 2013, the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this annual report.

Apart from the aforesaid, at no time during the year ended 31 December 2013 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholder's Interests in the Share Capital of the Company

As at 31 December 2013, the interests of substantial shareholder (other than the Directors or the chief executive of the Company) in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[4]
Mr. Zhang Zhi Rong	Interests in controlled corporations/ Beneficial owner[3]	5,329,216,436	Long position	68.39
Best Era International Limited[1]	Beneficial owner	4,978,923,436	Long position	63.89
China Life Insurance (Group) Company[2]	Interests in controlled corporations	701,531,000	Long position	9.00
China Life Insurance (Overseas) Co. Ltd. [2]	Beneficial owner	701,531,000	Long position	9.00

Notes:

(1) Best Era International Limited is owned as to 100% by Mr. Zhang Zhi Rong, who is a sole director of Best Era International Limited.

(2) China Life Insurance (Overseas) Co. Ltd. is owned as to 100% by China Life Insurance (Group) Company.

(3) Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively as at 31 December 2013, representing in aggregate 5,314,216,436 shares or approximately 68.20% of the issued share capital of the Company. Mr. Zhang Zhi Rong is also interested in options to subscribe for 15,000,000 shares (representing approximately 0.19% of the total issued share capital of the Company).

(4) The percentage has been complied based on the total number of ordinary shares of the Company in issue as at 31 December 2013 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 2013, the Company was not aware of any persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its Directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants and retain the participants whose contributions are important to the long term growth and profitability of the Group. As at 31 December 2013, the total number of shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme was 74,000,000 shares, which is equivalent to approximately 0.95% of the total issued share capital of the Company.

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company also approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the year ended 31 December 2013, no share options had been granted under the Share Option Scheme.

Particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 38 to the consolidated financial statements. The following table discloses details of the Company's outstanding share options held by the Directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the year ended 31 December 2013:

		Number of underlying shares comprised in share options							
	Date of grant	Balance as at 01/01/2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31/12/2013	Exercise price per share HK$	Exercise period
Category 1: Directors									
Mr. CHENG Li Xiong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note (1)
Mr. DING Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note (1)
Mr. LIU Ning (2)	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note (1)
Mr. XIA Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note (1)
Mr. YAN Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note (1)
		45,000,000	—	—	—	—	45,000,000		
Category 2: Senior Management and other employees (in aggregate)	09/09/2009	33,000,000	—	—	—	(4,000,000)	29,000,000	1.76	Note (1)
Total:		78,000,000	—	—	—	(4,000,000)	74,000,000		

Share Option Schemes *(Continued)*

Notes:

(1) Each of the grantees to whom the options have been granted under the Pre-IPO Share Option Scheme is entitled to exercise:

(i) up to 20% of the shares that are subject to the options granted to the relevant grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on 2 October 2009 (the "Listing Date") and ending on the first anniversary of the Listing Date;

(ii) up to 40% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the first anniversary of the Listing Date and ending on the second anniversary of the Listing Date;

(iii) up to 60% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;

(iv) up to 80% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date; and

(v) such number of shares subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the fourth anniversary of the Listing Date and ending on 8 September 2019.

(2) Mr. Liu Ning resigned as the executive Director and the chief executive officer of the Company on 5 February 2014 and therefore the options subscribing for 5,000,000 shares of the Company previously granted to Mr. Liu lapsed on the same date.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following transactions are defined as "continuing connected transactions", which are subject to the requirements under Chapter 14A of the Listing Rules. These continuing connected transactions also constitute related party transactions as set out in note 36 to the consolidated financial statements. Details of such transactions are as follows:

Shanghai Ditong renewed the framework construction services agreement (the "New Construction Services Agreement") with the Company on 19 October 2011, pursuant to which Shanghai Ditong has agreed to provide construction and related services to the Group according to the tender documents and the construction contracts signed between Shanghai Ditong and the Group from time to time. The New Construction Services Agreement is effective from 1 January 2012 to 31 December 2014.

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company) holds a controlling stake in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Group pursuant to Chapter 14A of the Listing Rules and the construction services provided to the Group by Shanghai Ditong constitute continuing connected transactions of the Group.

For the year ended 31 December 2013, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the New Construction Services Agreement was approximately RMB1,116.1 million and the actual transacted amount was approximately RMB1,105.9 million.

Continuing Corporate Governance Measures

The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the "Guidelines") on 15 April 2010, for the selection of potential bidders for the property projects carried out by the Group and review of construction services provided by Shanghai Ditong.

The Guidelines contain (a) an independent mechanism to govern and monitor the selection process of potential bidders for construction company; and (b) independent review procedures for the monitoring of the quality of construction work completed by Shanghai Ditong (applicable where Shanghai Ditong is selected to provide construction services to the Group after going through the selection process).

The Board has confirmed that the Group has complied with the independent mechanism contained in the Guidelines and has carried out the independent review procedures set out in the Guidelines to monitor the quality of the construction work completed by Shanghai Ditong during the year ended 31 December 2013.

The INEDs of the Company have reviewed the transactions conducted between the Group and Shanghai Ditong under the New Construction Services Agreement during the year ended 31 December 2013. The INEDs had also reviewed the terms of the New Construction Services Agreement pursuant to a meeting of the INEDs held on 28 March 2014. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2013 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

In accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information", the auditor has also reported to the Board that for the year ended 31 December 2013, nothing has come to their attention that the continuing connected transactions, which were governed by the New Construction Services Agreement, (i) have not received the approval of the Board; (ii) have not been entered into in accordance with the relevant agreement governing such transactions; and (iii) have exceeded the relevant cap amount for the financial year ended 31 December 2013 as set out in the circular dated 4 November 2011 published by the Company in respect of the continuing connected transactions. The Board will continue to monitor the transactions with Shanghai Ditong and seek the necessary approval by the independent shareholders in an extraordinary general meeting in respect of the relevant annual caps amounts. Note 36(a) to the consolidated financial statements refers.

Related Party Transactions

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 36 to the consolidated financial statements. Those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules are set out in the section headed "Continuing Connected Transactions" above and the Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

Changes of Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules

(I) Directors' Emoluments

With effect from 1 September 2013, the remuneration for each of the following executive Directors was revised. Details of the changes are as follows:

	Name of Director	Original Remuneration Package	Revised Remuneration Package
1.	Mr. Ding Xiang Yang	Annual salary: RMB5.0 million	1. Annual salary: RMB2.5 million 2. Year-end bonus: (i) Up to RMB1.5 million (based on the Company's overall financial performance) (ii) Up to RMB1.0 million (based on individual performance)
2.	Mr. Liu Ning	Annual salary: RMB3.0 million	1. Annual salary: RMB2.5 million 2. Year-end bonus: (i) Up to RMB1.5 million (based on the Company's overall financial performance) (ii) Up to RMB1.0 million (based on individual performance)
3.	Mr. Xia Jing Hua	Annual salary: RMB3.0 million	1. Annual salary: RMB1.0 million 2. Year-end bonus: (i) Up to RMB1.5 million (based on the Company's overall financial performance) (ii) Up to RMB0.5 million (based on individual performance)
4.	Mr. Yan Zhi Rong	Annual salary: RMB3.0 million	1. Annual salary: RMB1.0 million 2. Year-end bonus: (i) Up to RMB1.5 million (based on the Company's overall financial performance) (ii) Up to RMB0.5 million (based on individual performance)
5.	Mr. Yu Xiu Yang	Annual salary: RMB3.0 million	1. Annual salary: RMB1.0 million 2. Year-end bonus: (i) Up to RMB1.5 million (based on the Company's overall financial performance) (ii) Up to RMB0.5 million (based on individual performance)

Changes of Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules *(Continued)*

(II) Resignation of Executive Director and Chief Executive Officer of the Company and change of the member of the Finance Committee of the Board.

With effect from 5 February 2014, Mr. Liu Ning resigned as the executive Director and the chief executive officer of the Company and a member of the Finance Committee of the Board to pursue other opportunities for development. In addition, Mr. Xia Jing Hua, an executive Director of the Company, was appointed as a member of the Finance Committee of the Board in place of Mr. Liu with effect from 5 February 2014. For details of the aforesaid changes, please refer to the announcement of the Company dated 5 February 2014.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2013 interim report of the Company.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Directors' Service Contracts

None of the Directors has entered into a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Director's Remuneration

Directors' remuneration is determined by reference to the Director's duties and responsibilities, their individual performance, the financial results of the Group and the prevailing market benchmark.

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2013 are set out in note 30 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Pension Schemes

Details of the Group's pension schemes are set out in note 2(t) to the consolidated financial statements.

Sufficiency of Public Float

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

Corporate Governance

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 57 to 69 of this annual report.

Auditor

The financial statements for the financial year ended 31 December 2013 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the 2014 annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Cheng Li Xiong
Chairman

Hong Kong, 28 March 2014

Independent Auditor's Report

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羅兵咸永道

Independent Auditor's Report
To the shareholders of Glorious Property Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 83 to 159, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Independent Auditor's Report

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2014

Consolidated Balance Sheet

As at 31 December 2013

RMB'000	Note	2013	2012
Non-current assets			
Property, plant and equipment	6	**1,385,038**	1,102,115
Investment properties	7	**12,278,106**	10,607,946
Intangible assets	8	**1,800**	2,305
Investment in an associate	9	**1,606**	4,485
Investment in a joint venture	10	**15,317**	22,385
Loan to a joint venture	10	**1,843,081**	1,978,997
Deferred income tax assets	22	**430,833**	312,487
		15,955,781	14,030,720
Current assets			
Properties under development	12	**21,794,177**	22,256,445
Completed properties held for sale	13	**5,643,228**	5,044,360
Inventories	14	**5,143**	7,275
Trade and other receivables and prepayments	15	**7,310,623**	7,774,301
Prepaid taxes		**312,990**	213,886
Restricted cash	16	**1,405,492**	2,307,440
Cash and cash equivalents	17	**1,547,289**	992,749
		38,018,942	38,596,456
Total assets		**53,974,723**	52,627,176
Current liabilities			
Advanced proceeds received from customers		**4,365,089**	5,668,013
Trade and other payables	18	**4,599,206**	5,606,416
Income tax payable		**4,423,563**	4,454,249
Borrowings	20	**5,316,571**	6,094,505
Obligations under finance lease	21	**868**	868
		18,705,297	21,824,051
Net current assets		**19,313,645**	16,772,405
Total assets less current liabilities		**35,269,426**	30,803,125

The notes on pages 89 to 159 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2013

RMB'000	Note	**2013**	2012
Non-current liabilities			
Borrowings	20	**13,768,808**	9,689,677
Deferred income tax liabilities	22	**1,745,788**	1,654,072
Obligations under finance lease	21	**17,758**	17,571
		15,532,354	11,361,320
Net assets		**19,737,072**	19,441,805
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	23	**68,745**	68,745
Share premium	23	**7,822,982**	7,822,982
Reserves		**10,558,154**	10,259,343
		18,449,881	18,151,070
Non-controlling interests		**1,287,191**	1,290,735
Total equity		**19,737,072**	19,441,805

Approved by the Board on 28 March 2014 and signed on its behalf by

Ding Xiang Yang
Director

Xia Jing Hua
Director

The notes on pages 89 to 159 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2013

RMB'000	Note	2013	2012
Non-current assets			
Interests in subsidiaries	11	**9,448,942**	7,456,784
Property and equipment	6	**27**	50
		9,448,969	7,456,834
Current assets			
Prepayments	15	**188**	743
Cash and cash equivalents	17	**30,386**	3,096
		30,574	3,839
Current liabilities			
Trade and other payables	18	**18,173**	11,048
Amounts due to subsidiaries	19	**97,989**	97,989
		116,162	109,037
Net current liabilities		**(85,588)**	(105,198)
Total assets less current liabilities		**9,363,381**	7,351,636
Non-current liabilities			
Borrowings	20	**4,353,213**	1,901,024
Net assets		**5,010,168**	5,450,612
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	23	**68,745**	68,745
Share premium	23	**7,822,982**	7,822,982
Reserves	24	**(2,881,559)**	(2,441,115)
Total equity		**5,010,168**	5,450,612

Approved by the Board on 28 March 2014 and signed on its behalf by

Ding Xiang Yang
Director

Xia Jing Hua
Director

The notes on pages 89 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

RMB'000	Note	**2013**	2012
Revenue	5	**8,217,194**	8,384,740
Cost of sales	27	**(7,166,239)**	(6,463,366)
Gross profit		**1,050,955**	1,921,374
Other income	25	**101,634**	82,043
Other gains, net	26	**298,587**	520,077
Selling and marketing expenses	27	**(269,759)**	(235,457)
Administrative expenses	27	**(471,108)**	(405,582)
Finance costs	28	**(2,548)**	(8,326)
Share of loss of an associate	9	**(2,879)**	(1,704)
Share of loss of a joint venture	10	**(7,068)**	(3,382)
Profit before income tax		**697,814**	1,869,043
Income tax expenses	31	**(409,284)**	(790,855)
Profit for the year		**288,530**	1,078,188
Profit for the year attributable to:			
— the owners of the Company		**292,074**	1,081,631
— non-controlling interests		**(3,544)**	(3,443)
		288,530	1,078,188
Other comprehensive income		**—**	—
Total comprehensive income for the year		**288,530**	1,078,188
Total comprehensive income for the year attributable to:			
— the owners of the Company		**292,074**	1,081,631
— non-controlling interests		**(3,544)**	(3,443)
		288,530	1,078,188
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
— Basic	32	**0.04**	0.14
— Diluted	32	**0.04**	0.14
Dividend	33	**—**	—
Dividend per share (expressed in RMB per share)	33	**—**	—

The notes on pages 89 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

	Year ended 31 December 2013 Attributable to the owners of the Company									
RMB'000	Share capital (note 23)	Share premium (note 23)	Merger reserve (note 24(b))	Statutory reserve (note 24(c))	Other reserve (note 24(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	**68,745**	**7,822,982**	**(770,477)**	**304,829**	**264,317**	**195,058**	**10,265,616**	**18,151,070**	**1,290,735**	**19,441,805**
Total comprehensive income for the year	—	—	—	—	—	—	292,074	292,074	(3,544)	288,530
Employee share-based compensation (note 38)	—	—	—	—	—	6,737	—	6,737	—	6,737
Transfer to statutory reserve	—	—	—	2,488	—	—	(2,488)	—	—	—
Balance at 31 December 2013	**68,745**	**7,822,982**	**(770,477)**	**307,317**	**264,317**	**201,795**	**10,555,202**	**18,449,881**	**1,287,191**	**19,737,072**

	Year ended 31 December 2012 Attributable to the owners of the Company									
RMB'000	Share capital (note 23)	Share premium (note 23)	Merger reserve (note 24(b))	Statutory reserve (note 24(c))	Other reserve (note 24(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	68,745	7,822,982	(770,477)	263,994	264,317	176,537	9,224,820	17,050,918	1,293,778	18,344,696
Total comprehensive income for the year	—	—	—	—	—	—	1,081,631	1,081,631	(3,443)	1,078,188
Employee share-based compensation (note 38)	—	—	—	—	—	18,521	—	18,521	—	18,521
Transfer to statutory reserve	—	—	—	40,835	—	—	(40,835)	—	—	—
Capital injection from non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	400	400
Balance at 31 December 2012	68,745	7,822,982	(770,477)	304,829	264,317	195,058	10,265,616	18,151,070	1,290,735	19,441,805

The notes on pages 89 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

RMB'000	Note	**2013**	2012
Cash flows from operating activities			
Cash generated from operations	34	**43,606**	1,764,709
Income tax paid		**(565,704)**	(482,710)
Interest paid		**(2,067,253)**	(1,438,112)
Net cash used in operating activities		**(2,589,351)**	(156,113)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(316,562)**	(409,411)
Payments for the construction of investment properties		**(785,918)**	(404,288)
Proceeds from disposals of property, plant and equipment		**5,524**	1,498
Interest received		**22,054**	111,717
Receipts from a third party		**—**	58,793
Net cash used in investing activities		**(1,074,902)**	(641,691)
Cash flows from financing activities			
Capital injection from non-controlling shareholder of a subsidiary		**—**	400
Proceeds from borrowings		**16,932,744**	9,180,718
Repayment of borrowings		**(12,977,760)**	(8,947,928)
(Repayment to)/advances from third parties		**(439,590)**	567,680
Changes in restricted cash		**703,321**	(31,466)
Net cash generated from financing activities		**4,218,715**	769,404
Net increase/(decrease) in cash and cash equivalents		**554,462**	(28,400)
Cash and cash equivalents at beginning of the year		**992,749**	1,021,098
Exchange gains on cash and bank balances		**78**	51
Cash and cash equivalents at end of the year	17	**1,547,289**	992,749

The notes on pages 89 to 159 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2013

1 General information

Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of real estate projects in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

These financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These financial statements have been approved for issue by the Board on 28 March 2014.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 below.

For the year ended 31 December 2013, the Group's operating cash outflow was RMB2,589,351,000 (2012: RMB156,113,000). In view of the operating cash outflows for consecutive years, the directors have reviewed the working capital forecast for the next twelve months from the date of this report in order to assess whether the preparation of these financial statements on a going concern basis is appropriate. In assessing whether this forecast is reasonable, one of the key factors that the directors have considered is the sufficiency of bank financing to be made available to the Group. The directors have reviewed the Group's past banking relationships with the banks and the bank financing available to the Group as at 31 December 2013, they are of the view that the Group has been in good relationship with the major banks as reflected by the fact that the Group was able to obtain new bank loans or have the existing loans extended and/or renewed throughout 2013 and up to the date of this report. Besides, also considering the fact that as at 31 December 2013, the Group's short-term debt ratio (defined as current borrowings as a percentage to the Group's total borrowings) was only 27.9%, the directors consider it a reasonable expectation that the Group will have sufficient funds to meet its financial obligations as and when they fall due and the Group will continue operation in the foreseeable future. Accordingly, the directors consider the preparation of the consolidated financial statements on a going concern basis is appropriate.

The key actions which management will take to manage the liquidity risk of the Group are set out in note 3(a)(v).

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2013:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRSs Amendment	Annual improvements 2009–2011 Cycle

The adoption of the above new standards and amendments has no significant impact to the Group's financial position for all periods presented in this report.

(ii) New Standards, amendments to standards and interpretation that have been issued but are not effective

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HK (IFRIC) – Int 21	Levies
HKFRSs Amendment	Annual Improvements 2010–2012 Cycle
HKFRSs Amendment	Annual Improvements 2011–2013 Cycle

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between companies comprising the Group are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profits or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Summary of significant accounting policies *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial positions of all the companies comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each balance sheet of the companies comprising the Group are translated at the closing rate at the date of that balance sheet;

— Income and expenses for each statement of comprehensive income of the companies comprising the Group are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date; in which case income and expenses are translated at the rate on the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's equity holders are reclassified to the profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of comprehensive income. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to the profit or loss.

2 Summary of significant accounting policies *(Continued)*

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Building	The shorter of remaining lease term or useful lives
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Plant and machinery	10 years
Leasehold improvements	Over the lease terms of 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "administrative expenses" in the consolidated statement of comprehensive income.

Construction in progress are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to building within property, plant and equipment.

No depreciation is provided for construction in progress. The carrying amount of properties under construction is written down immediately to its recoverable amount if the assets carrying amount are greater than their estimated recoverable amount (note 2(g)).

2 Summary of significant accounting policies *(Continued)*

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Group is classified as investment property. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such case, the operating leases are accounted for as if they were finance leases. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent and professionally qualified valuer, changes in fair values are recorded in the consolidated statement of comprehensive income as part of "other gains, net".

Property that is currently being constructed or developed for future use as investment property is classified as investment properties and stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date at which fair value becomes reliably measurable.

If an item of completed properties held for sale becomes an investment property as a result of change in its use, any difference between the carrying amount and the fair value of this property at the date of transfer is recognised in the consolidated statement of comprehensive income as part of "other gains, net".

(f) Intangible assets

Intangible assets mainly represent the licence which was recorded at cost of acquisition on initial recognition. The licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licence over its estimated useful life of 5 years.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies *(Continued)*

(h) Financial assets

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

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 was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 Summary of significant accounting policies *(Continued)*

(i) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(j) Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(k) Inventories

Inventories consist of construction materials and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(m) Cash and cash equivalents

Cash and cash equivalent includes cash on hand and at banks and deposits held at call with banks with original maturities of three months or less. Bank deposits which are restricted to use are not included in the cash and cash equivalents.

2 Summary of significant accounting policies *(Continued)*

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective method.

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

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.

(s) Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates position taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies *(Continued)*

(s) Current and deferred income tax *(Continued)*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC governments.

2 Summary of significant accounting policies *(Continued)*

(t) Employee benefits *(Continued)*

(ii) Retirement benefits *(Continued)*

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,250. The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(u) Share-based payments

The Group operates two equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash received for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

(v) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and that when specific criteria have been met for each of the Group's activities as described below.

2 Summary of significant accounting policies *(Continued)*

(v) Revenue recognition *(Continued)*

(i) Sales of properties

Revenue and profits from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advance proceeds received from customers under current liabilities.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments receivable.

Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis using the effective interest method.

(w) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(x) Finance leases

The Group leases certain properties. Leases of properties where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The properties acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

(y) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

2 Summary of significant accounting policies *(Continued)*

(z) Financial guarantee

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(aa) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

3 Financial risk management

(a) Financial risk factors

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB, including the Senior Notes due 2015 and the Senior Notes due 2018. Apart from the Senior Notes due 2015 and the Senior Notes due 2018 that may cause the Group being exposed to a higher level of foreign currency exchange risk, the directors consider the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2013, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	**2013**	2012
Cash and bank balances:		
US$	**2,527**	8,329
HK$	**4,789**	1,871
	7,316	10,200

RMB'000	**2013**	2012
Borrowings:		
US$	**4,353,213**	3,755,246
	4,353,213	3,755,246

RMB'000	**2013**	2012
Trade and other payables:		
US$	**9,145**	17,921
HK$	**10,208**	10,555
	19,353	28,476

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2013, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax profit for the year ended 31 December 2013 would have been approximately RMB218.3 million higher/lower (2012: RMB188.7 million higher/lower).

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(ii) Interest rate risk

As the Group has no significant interest-bearing assets except for the cash at bank and certain bank deposits, loan to a joint venture and certain other receivables, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's receivables that carry at fixed interest rates may expose the Group to fair value interest rate risk.

The Group's exposures to changes in interest rates are mainly attributable to its borrowings (note 20). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk.

As at 31 December 2013, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been RMB7,652,000 (2012: RMB12,520,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The Group is not exposed to material equity securities price risk and commodity price risk as the Group has no investments in securities that are exposed to price risk.

(iv) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from cash deposits, trade and other receivables and loan to a joint venture. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers for very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group specifically analyses the recoverability of such receivables, including the debtors' financial conditions and any other known information. As at 31 December 2013, apart from certain other receivables amounting to RMB15,000,000 that full provision for impairment has been made, no provision for impairment is required for all other trade and other receivables.

Loan to a joint venture is generally supported by the underlying assets and the Group monitors the credibility of joint venture continuously.

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2014 on the basis that: (1) bank financing will continue to be available; (2) proceeds from pre-sales in 2014 will be comparable to that of 2013; (3) construction payments will be satisfied by receipt of the relevant proceeds from pre-sales; (4) available project loan facility will be no less than that of 2013; and (5) there will be no breach of debt covenants in 2014. Management will closely monitor the situation to ensure that appropriate alternative actions are taken, such as to accelerate the sales of completed properties, if any of the above conditions are not fully fulfilled.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources for the development of properties for sale, implementing cost control measures, introducing strategic partners to the Group's property development projects and seeking other funding alternatives. The Group will assess the relevant future costs and benefits and pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheets for borrowings.

Group

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2013					
Borrowings, including interest payable	**7,091,215**	**7,643,497**	**8,331,387**	**44,966**	**23,111,065**
Obligation under finance lease	**920**	**920**	**3,243**	**42,604**	**47,687**
Trade and other payables	**4,438,339**	**—**	**—**	**—**	**4,438,339**
Total	**11,530,474**	**7,644,417**	**8,334,630**	**87,570**	**27,597,091**
At 31 December 2012					
Borrowings, including interest payable	7,427,278	7,011,828	2,912,268	784,887	18,136,261
Obligation under finance lease	920	920	3,105	43,661	48,606
Trade and other payables	5,449,367	—	—	—	5,449,367
Total	12,877,565	7,012,748	2,915,373	828,548	23,634,234

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk *(Continued)*

Company

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2013					
Borrowings, including interest payable	**560,915**	**2,346,520**	**2,494,411**	**—**	**5,401,846**
Trade and other payables	**18,173**	**—**	**—**	**—**	**18,173**
Total	**579,088**	**2,346,520**	**2,494,411**	**—**	**5,420,019**
At 31 December 2012					
Borrowings, including interest payable	40,430	40,632	1,919,142	—	2,000,204
Trade and other payables	11,048	—	—	—	11,048
Total	51,478	40,632	1,919,142	—	2,011,252

The table above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties (note 37) as the directors consider the likelihood of default in payments by the purchasers is minimal.

(b) Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios at 31 December 2013 and 2012 were as follows:

RMB'000	2013	2012
Total borrowings (note 20)	**19,085,379**	15,784,182
Less: cash and bank balances	**(2,952,781)**	(3,300,189)
Net debt	**16,132,598**	12,483,993
Total equity attributable to the owners of the Company	**18,449,881**	18,151,070
Gearing ratio	**87.4%**	68.8%

The gearing ratio for 2013 was higher than that for 2012 as a result of the increase in the Group's total borrowings.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2013, the Group's short term debt ratio is 27.9% (2012: 38.6%). The Group aims to maintain short-term debt ratio below 50%.

3 Financial risk management *(Continued)*

(c) Fair value estimation

The Group does not have any financial instruments that are measured in the balance sheet at fair value.

The carrying amounts of the Group's financial assets and liabilities (including cash and cash equivalents, trade and other receivables, trade and other payables) approximate their fair values due to their short maturities.

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition on properties sold

When the inflow of economic benefits associated with the property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to purchasers, the Group recognised revenue in respect of the properties sold.

Management made judgement on whether the economic benefits associated with the property sales transaction will flow to the Group. Likelihood of inflow of economic benefits to the Group is demonstrated by the purchaser's commitment to pay, which in turn is supported by substantial investment that gives the purchaser a stake in the property sufficient that the risk of loss through default motivates the purchaser to honour the obligation to the Group. Inflow of economic benefits associated with the property sales transaction is also assessed by considering location of the property and the prevailing market price of similar properties.

Management has also made judgement on when significant risks and rewards of ownership of properties are transferred to purchasers. Risk and rewards of ownership of properties are transferred to purchasers upon which the construction of relevant properties has been completed and upon which the beneficial interest in the properties has been passed to the purchasers.

The judgement on the likelihood of inflow of economic benefits associated with the property sales transaction and the transfer of risks and rewards of ownership of properties would affect the Group's profit for the year and the carrying value of completed properties held for sale.

(b) Income tax and deferred income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 Critical accounting estimates and judgements *(Continued)*

(c) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(d) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 7.

(e) Impairment assessment of trade and other receivables

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade receivables. The policy for provision for impairment on other receivables of the Group is based on the evaluation of collectability of receivable and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness.

(f) Provision for impairment of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

As at 31 December 2013, based on management's best estimates, the Group has made a provision for impairment of RMB285,553,000 (2012: RMB54,173,000) for properties under development and completed properties held for sale.

5 Segment information

The Executive Directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the business from geographical perspective and assesses the performance of property development in four reportable operating segments, namely Shanghai Region, Yangtze River Delta (excluding Shanghai), Pan Bohai Rim and Northeast China. "Others" segment represents corporate support functions.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets mainly represent interest expenses incurred at corporate which have been capitalised on qualifying assets of the subsidiaries.

5 Segment information *(Continued)*

Sales between segments are carried out in terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2013						
Total revenue	**3,281,836**	**2,406,698**	**974,521**	**1,560,868**	**—**	**8,223,923**
Inter-segment revenue	**(6,729)**	**—**	**—**	**—**	**—**	**(6,729)**
Revenue (from external customers)	**3,275,107**	**2,406,698**	**974,521**	**1,560,868**	**—**	**8,217,194**
Segment results	**1,152,228**	**(61,316)**	**(292,091)**	**(22,024)**	**17,748**	**794,545**
Depreciation and amortisation	**(9,654)**	**(3,657)**	**(3,108)**	**(2,433)**	**(1,962)**	**(20,814)**
Fair value changes of investment properties	**42,432**	**255,449**	**80,538**	**(190,916)**	**—**	**187,503**
Provision for impairment of properties under development and completed properties held for sale	**(14,471)**	**(161,971)**	**(109,111)**	**—**	**—**	**(285,553)**
Provision for impairment of other receivables and prepayments	**—**	**—**	**(30,000)**	**—**	**(15,000)**	**(45,000)**
Interest income	**39,967**	**27,014**	**830**	**780**	**1,090**	**69,681**
Finance costs	**(2,501)**	**(3)**	**—**	**(44)**	**—**	**(2,548)**
Income tax expenses	**(442,237)**	**(64,673)**	**62,584**	**35,042**	**—**	**(409,284)**
Year ended 31 December 2012						
Total revenue	1,545,099	3,773,956	156,657	2,913,004	—	8,388,716
Inter-segment revenue	(3,976)	—	—	—	—	(3,976)
Revenue (from external customers)	1,541,123	3,773,956	156,657	2,913,004	—	8,384,740
Segment results	402,519	652,552	(42,050)	475,931	(77,850)	1,411,102
Depreciation and amortisation	(12,757)	(3,764)	(4,404)	(2,743)	(1,951)	(25,619)
Fair value changes of investment properties	222,975	287,151	1,574	(7,420)	—	504,280
Provision for impairment of properties under development and completed properties held for sale	—	—	(54,173)	—	—	(54,173)
Interest income	2,702	36,573	1,075	651	778	41,779
Finance costs	(2,838)	(1,347)	(60)	(4,081)	—	(8,326)
Income tax expenses	(229,999)	(358,519)	8,896	(211,233)	—	(790,855)

5 Segment information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2013							
Total segment assets	**33,377,638**	**26,085,406**	**6,037,854**	**6,626,588**	**8,305,395**	**(31,517,270)**	**48,915,611**
Total segment assets include:							
Investment in an associate	**1,606**	**—**	**—**	**—**	**—**	**—**	**1,606**
Investment in a joint venture	**15,317**	**—**	**—**	**—**	**—**	**—**	**15,317**
Deferred income tax assets							**430,833**
Other unallocated corporate assets							**4,628,279**
Total assets							**53,974,723**
Additions to:							
Property, plant and equipment	**314,891**	**1,512**	**78**	**51**	**30**	**—**	**316,562**
Investment properties	**362,528**	**697,551**	**159,662**	**262,916**	**—**	**—**	**1,482,657**
At 31 December 2012							
Total segment assets	30,552,726	26,397,719	7,952,848	7,373,071	8,218,177	(32,197,311)	48,297,230
Total segment assets include:							
Investment in an associate	4,485	—	—	—	—	—	4,485
Investment in a joint venture	22,385	—	—	—	—	—	22,385
Deferred income tax assets							312,487
Other unallocated corporate assets							4,017,459
Total assets							52,627,176
Additions to:							
Property, plant and equipment	407,364	406	51	1,324	266	—	409,411
Investment properties	611,219	718,849	18,426	197,509	—	—	1,546,003

Notes to the Consolidated Financial Statements

31 December 2013

5 Segment information *(Continued)*

RMB'000	**2013**	2012
Segment results	**794,545**	1,411,102
Fair value changes of investment properties	**187,503**	504,280
Depreciation and amortisation	**(20,814)**	(25,619)
Provision for impairment of properties under development and completed properties held for sale	**(285,553)**	(54,173)
Provision for impairment of other receivables and prepayments	**(45,000)**	—
Operating profit	**630,681**	1,835,590
Interest income	**69,681**	41,779
Finance costs	**(2,548)**	(8,326)
Profit before income tax	**697,814**	1,869,043

Analysis of revenue by category

RMB'000	**2013**	2012
Sales of properties	**8,217,194**	8,384,481
Others	**—**	259
Total	**8,217,194**	8,384,740

The Group has a number of customers. No revenue from a customer exceeds 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements

31 December 2013

6 Property, plant and equipment

Group

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2012								
Cost	73,821	25,759	91,873	6,740	17,769	6,361	563,384	785,707
Accumulated depreciation	(5,174)	(11,331)	(36,922)	(2,722)	(5,209)	(1,477)	—	(62,835)
Net book amount	68,647	14,428	54,951	4,018	12,560	4,884	563,384	722,872
Year ended 31 December 2012								
Opening net book amount	68,647	14,428	54,951	4,018	12,560	4,884	563,384	722,872
Additions	52	1,144	2,999	280	157	—	404,779	409,411
Disposals	—	(76)	(2,127)	(54)	—	—	—	(2,257)
Depreciation	(3,083)	(6,169)	(14,181)	(1,110)	(2,730)	(638)	—	(27,911)
Closing net book amount	65,616	9,327	41,642	3,134	9,987	4,246	968,163	1,102,115
At 31 December 2012								
Cost	73,873	26,738	88,884	6,943	17,926	6,361	968,163	1,188,888
Accumulated depreciation	(8,257)	(17,411)	(47,242)	(3,809)	(7,939)	(2,115)	—	(86,773)
Net book amount	65,616	9,327	41,642	3,134	9,987	4,246	968,163	1,102,115
Year ended 31 December 2013								
Opening net book amount	**65,616**	**9,327**	**41,642**	**3,134**	**9,987**	**4,246**	**968,163**	**1,102,115**
Additions	**20**	**534**	**4,628**	**219**	**—**	**—**	**311,161**	**316,562**
Disposals	**—**	**(129)**	**(1,599)**	**(28)**	**(5,115)**	**(4,237)**	**—**	**(11,108)**
Depreciation	**(3,089)**	**(2,117)**	**(13,183)**	**(1,034)**	**(3,106)**	**(2)**	**—**	**(22,531)**
Closing net book amount	**62,547**	**7,615**	**31,488**	**2,291**	**1,766**	**7**	**1,279,324**	**1,385,038**
At 31 December 2013								
Cost	**73,893**	**26,524**	**89,902**	**7,126**	**8,028**	**11**	**1,279,324**	**1,484,808**
Accumulated depreciation	**(11,346)**	**(18,909)**	**(58,414)**	**(4,835)**	**(6,262)**	**(4)**	**—**	**(99,770)**
Net book amount	**62,547**	**7,615**	**31,488**	**2,291**	**1,766**	**7**	**1,279,324**	**1,385,038**

6 Property, plant and equipment *(Continued)*

Company

RMB'000	Computer and office equipment	Total
At 1 January 2012		
Cost	116	116
Accumulated depreciation	(43)	(43)
Net book amount	73	73
Year ended 31 December 2012		
Opening net book amount	73	73
Depreciation	(23)	(23)
Closing net book amount	50	50
At 31 December 2012		
Cost	116	116
Accumulated depreciation	(66)	(66)
Net book amount	50	50
Year ended 31 December 2013		
Opening net book amount	**50**	**50**
Disposals	**—**	**—**
Depreciation	**(23)**	**(23)**
Closing net book amount	**27**	**27**
At 31 December 2013		
Cost	**116**	**116**
Accumulated depreciation	**(89)**	**(89)**
Net book amount	**27**	**27**

Construction in progress comprises the land costs, construction costs, borrowing costs and professional fees incurred during the development period.

As at 31 December 2012 and 2013, all construction in progress were pledged as collateral for the Group's borrowings (note 20).

6 Property, plant and equipment *(Continued)*

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet and the consolidated statement of comprehensive income:

RMB'000	**2013**	2012
Properties under development	**2,222**	1,323
Cost of sales	**—**	1,497
Selling and marketing expenses	**1,563**	1,696
Administrative expenses	**18,746**	23,395
	22,531	27,911

Building includes the following amounts where the Group is a lessee under a finance lease:

RMB'000	**2013**	2012
Cost — capitalised finance leases	**24,524**	24,524
Accumulated depreciation	**(5,212)**	(4,599)
	19,312	19,925

The Group leases building under non-cancellable finance lease agreement. The lease term is 40 years.

7 Investment properties

RMB'000	**2013**	2012
At beginning of the year	**10,607,946**	8,557,663
Additions	**1,253,538**	1,546,003
Transfer from completed properties held for sale	**229,119**	—
Fair value gain (included in "other gains, net")	**187,503**	504,280
At end of the year	**12,278,106**	10,607,946

The following amounts have been recongised in the consolidated statement of comprehensive income:

RMB'000	**2013**	2012
Rental income	**35,968**	35,246
Direct operating expenses attributable to investment properties that generate rental income	**(6,150)**	(4,816)
Net rental income (note 25)	**29,818**	30,430

7 Investment properties *(Continued)*

An independent valuation of the Group's investment properties was performed by the valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to determine the fair value of the investment properties as at 31 December 2013 and 2012. The revaluation gains or losses are included in "Other gains, net" in the consolidated statement of comprehensive income (note 26). The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31 December 2013 using		
RMB'000	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements			
Investment properties:			
Shops/shopping malls	—	—	**3,503,160**
Car parks	—	—	**164,000**
Complexes, including shops, car parks, offices and hotels	—	—	**8,610,946**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

Fair value measurements using significant unobservable inputs (Level 3)

RMB'000	**Shops/ shopping malls**	**Car parks**	**Complexes, including shops, car parks, offices and hotels**	**Total**
At 1 January 2013	3,104,000	—	7,503,946	10,607,946
Additions	357,574	1,354	894,610	1,253,538
Transfer from completed properties held for sale	80,177	148,942	—	229,119
Fair value (loss)/gain	(38,591)	13,704	212,390	187,503
At 31 December 2013	3,503,160	164,000	8,610,946	12,278,106

7 Investment properties *(Continued)*

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. As at 31 December 2013, the fair values of the properties have been determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date.

Valuation techniques

Fair values of completed shops/shopping malls are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For completed car parks and shops/shopping malls at initial stage of construction, the fair values are generally derived using the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market, with adjustments to valuer's interpretation.

Fair values of investment properties under development are generally derived using residual approach that uses the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

One investment property of fair value RMB237,000,000 (2012: RMB169,000,000) had its valuation technique changed from comparison approach to residual approach in 2013.

There were no other changes to the valuation techniques during the year.

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3)

As at 31 December 2013, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Description	Fair value at 31 Dec 2013 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (completed)	2,079,070	Income approach (term and reversionary method)	Vacancy rate	0% – 10%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4.5% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB1 – RMB18 per day per square meter	The higher the rental value, the higher the fair value
Shops/shopping malls (under construction)	851,000	Residual approach	Rental value	RMB1 – RMB6 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	4% – 6%	The higher the yields, the lower the fair value
			Vacancy rate	0% – 30%	The higher the vacancy rate, the lower the fair value
			Estimated costs to completion	RMB3,200 – RMB4,500 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	10%-12%	The higher the profit margin required, the lower the fair value
Shops/shopping malls (under planning)	237,000	Comparison approach	Comparable's unit selling price	RMB1,400 – RMB2,000 per square meter	The higher the unit selling price, the higher the fair value

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

Description	Fair value at 31 Dec 2013 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (under planning with minimal construction)	336,090	Comparison plus development cost approach	Comparable's unit selling price	RMB10,000 – RMB24,000 per square meter	The higher the unit selling price, the higher the fair value
			Estimated profit margin required to hold and develop property to completion	20%	The higher the profit margin required, the higher the fair value
Car parks	164,000	Comparison approach	Comparable's unit selling price	RMB210,000 – RMB300,000 per lot	The higher the unit selling price, the higher the fair value
Complexes, including car parks, shops, offices and hotels (under construction)	8,610,946	Residual approach	Rental value	RMB4 – RMB28 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	5.5% – 7%	The higher the yields, the lower the fair value
			Estimated costs to completion	RMB5,400 – RMB7,800 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% – 25% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	0% – 40%	The higher the vacancy rate, the lower the fair value
			Average daily room rate ("ADR") (for hotel portion)	RMB608 per room per day	The higher the ADR, the higher the fair value
			Discount rate (for hotel portion)	11.5%	The higher the discount rate, the lower the fair value
			Comparable's unit selling price	RMB12,000 – RMB56,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for car parks)	RMB210,000 – RMB300,000 per lot	The higher the unit selling price, the higher the fair value

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

The Group's interests in investment properties at their carrying amounts are analysed as follows:

RMB'000	2013	2012
In the PRC, held on:		
Leases of 10-50 years	**9,353,145**	8,451,946
Leases of over 50 years	**2,924,961**	2,156,000
	12,278,106	10,607,946

As at 31 December 2013, investment properties of carrying value with RMB4,310,390,000 (2012: RMB5,817,000,000) were pledged as collateral for the Group's borrowings (note 20).

8 Intangible assets

RMB'000	2013	2012
At beginning of the year	**2,305**	2,833
Amortisation charge	**(505)**	(528)
At end of the year	**1,800**	2,305
At end of the year		
Cost	**4,300**	4,300
Accumulated amortisation	**(2,500)**	(1,995)
Net book amount	**1,800**	2,305

Amortisation charge of RMB505,000 (2012: RMB528,000) was included in "administrative expenses" in the consolidated statement of comprehensive income. There was no impairment of the Group's intangible assets during the year (2012: Nil).

9 Investment in an associate

RMB'000	2013	2012
Investment in an associate	**1,606**	4,485

The Group's investment in an associate represents the 45% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) ("Shanghai Chuangmeng"). Shanghai Chuangmeng is an entity established in the PRC.

Set out below is the summarised financial information for Shanghai Chuangmeng which is accounted for using the equity method:

RMB'000	2013	2012
Assets		
Non-current assets	**1,283**	1,264
Current assets	**9,605**	16,938
	10,888	18,202
Liabilities		
Current liabilities	**7,319**	8,235
Net assets	**3,569**	9,967
Income	**33,626**	19,929
Expenses, including income tax	**(40,024)**	(23,716)
Loss for the year	**(6,398)**	(3,787)

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in an associate:

RMB'000	2013	2012
Net assets at 1 January	**9,967**	13,754
Loss for the year	**(6,398)**	(3,787)
Net assets at 31 December	**3,569**	9,967
Interest in an associate (45%)	**1,606**	4,485
Carrying value at 31 December	**1,606**	4,485

10 Investment in a joint venture and loan to a joint venture

RMB'000	**2013**	2012
Investment in a joint venture	**15,317**	22,385
Loan to a joint venture (a)	**1,843,081**	1,978,997

The Group's investment in a joint venture represents the 60% equity interest in Glorious Jiangxu (Nanjing) Property Development Co., Ltd. (恒盛江旭(南京)房地產開發有限公司) ("Nanjing Jiangxu"). Nanjing Jiangxu is an entity established in the PRC.

Set out below is the summarised financial information for Nanjing Jiangxu which is accounted for using the equity method:

RMB'000	**2013**	2012
Assets		
Non-current assets	**6,950**	7,117
Current assets	**5,626,155**	4,116,486
	5,633,105	4,123,603
Liabilities		
Non-current liabilities	**2,935,059**	2,484,804
Current liabilities	**2,672,518**	1,601,490
	5,607,577	4,086,294
Net assets	**25,528**	37,309
Income	**—**	—
Expenses, including income tax	**(11,781)**	(5,636)
Loss for the year	**(11,781)**	(5,636)

10 Investment in a joint venture and loan to a joint venture *(Continued)*

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in a joint venture:

RMB'000	**2013**	2012
Net assets at 1 January	**37,309**	42,945
Loss for the year	**(11,781)**	(5,636)
Net assets at 31 December	**25,528**	37,309
Interest in a joint venture (60%)	**15,317**	22,385
Carrying value at 31 December	**15,317**	22,385

(a) The loan to a joint venture is unsecured, has no fixed terms of repayment and bears interest that is agreed with Nanjing Jiangxu and its joint venture partner by making references to the latest benchmark lending rate published by the People's Bank of China. As at 31 December 2013, the annual interest rate is 13% (2012: 10%). The carrying value of the loan to a joint venture approximates its fair value.

11 Interests in subsidiaries — Company

RMB'000	**2013**	2012
Unlisted shares, at cost	**—**	—
Advances to subsidiaries (a)	**9,448,942**	7,456,784
	9,448,942	7,456,784

(a) The advances to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries.

11 Interests in subsidiaries — Company *(Continued)*

Particulars of the subsidiaries of the Company as at 31 December 2013 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2012	2013	Principal activities
Directly held:						
Incorporated in the British Virgin Islands (the "BVI") and with principal operations in Hong Kong:						
Bright New Investments Limited （明新投資有限公司）	2 May 2007	Limited company	US$50,000	100%	100%	Investment holding
Indirectly held:						
Incorporated in the BVI and with principal operations in Hong Kong:						
Achieve Triumph Limited （達凱有限公司）	6 April 2011	Limited company	US$1	100%	100%	Investment holding
Allied Honest Holdings Limited	30 March 2006	Limited company	US$1,000	100%	100%	Investment holding
Better Score Limited	25 February 2009	Limited company	US$1	100%	100%	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US$1,000	100%	100%	Investment holding
East Plus Enterprises Limited （東和企業有限公司）	25 November 2010	Limited company	US$1	100%	100%	Investment holding
Grand Target Group Limited （君達集團有限公司）	23 January 2006	Limited company	US$1,000	100%	100%	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US$50,000	100%	100%	Investment holding
Jolly Rich Limited （怡富有限公司）	25 March 2011	Limited company	US$1	100%	100%	Investment holding
May Gain Limited （美盈有限公司）	6 April 2011	Limited company	US$1	100%	100%	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US$1,000	100%	100%	Investment holding
Vieward Group Limited （景向集團有限公司）	15 February 2006	Limited company	US$1,000	100%	100%	Investment holding

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2012	2013	Principal activities
Incorporated in Hong Kong and with principal operations in Hong Kong:						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK$1	100%	100%	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Limited company	HK$1	100%	100%	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK$10,000	100%	100%	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK$1	100%	100%	Provision of corporate services
Gold Radiant Investments Limited (富谷投資有限公司)	11 April 2011	Limited company	HK$1	100%	100%	Investment holding
Greater Base Limited (基鉅有限公司)	3 March 2009	Limited company	HK$1	100%	100%	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Limited company	HK$1	100%	100%	Investment holding
Triumph One Investments Limited (美堡投資有限公司)	11 April 2011	Limited company	HK$1	100%	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK$1	100%	100%	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Limited company	HK$1	100%	100%	Investment holding
Incorporated in Singapore and with principal operations in Singapore:						
Wachovian II Co Pte. Ltd.	14 August 2007	Limited company	SGD10	100%	100%	Investment holding
Incorporated in the PRC and with principal operations in the PRC:						
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	Limited company	US$111,880,000	100%	100%	Property development and investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	Limited company	US$99,960,000	100%	100%	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發(南通)有限公司)	22 July 2005	Limited company	US$112,990,000	100%	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US$128,990,000	100%	100%	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US$99,800,000	100%	100%	Property development and investment holding

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2012	Percentage of attributable equity interest 2013	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Nantong Jigui Real Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	Limited company	US$113,990,000	100%	100%	Property development and investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (南通基鉅基礎設施建設有限公司)	27 April 2009	Limited company	US$3,000,000	100%	100%	Investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US$114,800,000	100%	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	Limited company	US$102,750,000	100%	100%	Property development and investment holding
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司)	2 August 2006	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	100%	100%	Property development
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐(南通)置業發展有限公司)	12 January 2010	Limited company	RMB802,000,000	100%	100%	Property development
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海(哈爾濱)置業有限公司)	5 November 2010	Limited company	RMB100,000,000	100%	100%	Property development
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富升地產投資(北京)有限公司)	23 July 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂(合肥)房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	100%	100%	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信(北京)房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	100%	100%	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟(蘇州)置業有限公司)	17 March 2005	Limited company	RMB170,000,000	100%	100%	Property development
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛匯鑫(長春)置業有限公司)	7 May 2010	Limited company	RMB250,000,000	100%	100%	Property development

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2012	2013	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Plaza (Nantong) Property Development Co., Ltd. (恒盛廣場(南通)房地產開發有限公司)	12 December 2007	Limited company	RMB460,000,000	100%	100%	Property development
Glorious Property Investment (Changchun) Co., Ltd. (恒盛地產投資(長春)有限公司)	25 August 2011	Limited company	RMB50,000,000	100%	100%	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資(哈爾濱)有限公司)	3 August 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資(合肥)有限公司)	23 July 2010	Limited company	RMB250,000,000	100%	100%	Investment holding
Glorious Property Investment (Nanjing) Co., Ltd. (恒盛地產投資(南京)有限責任公司)	21 May 2013	Limited company	RMB30,000,000	—	100%	Investment holding
Glorious Property Investment (Nantong) Co., Ltd. (恒盛地產投資(南通)有限公司)	28 May 2010	Limited company	RMB420,000,000	100%	100%	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資(上海)有限公司)	21 June 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Property Investment (Tianjin) Co., Ltd. (恒盛地產投資(天津)有限公司)	2 December 2010	Limited company	RMB40,000,000	100%	100%	Investment holding
Glorious Qingshi Property Development (Beijing) Co., Ltd. (恒盛青石地產置業(北京)有限公司)	16 May 2011	Limited company	RMB12,000,000	60%	60%	Property development
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉(上海)實業有限公司)	24 September 2008	Limited company	RMB100,000,000	100%	100%	Wholesale of construction materials
Glorious (Shanghai) Commercial Operation and Management Co., Ltd. (恒盛(上海)商業經營管理有限公司)	25 May 2011	Limited company	RMB10,000,000	100%	100%	Culture, advertising planning, investment holding and advisory
Glorious Shuntianlong (Shanghai) Concrete Co., Ltd. (恒盛順添隆(上海)混凝土有限公司)	14 November 2008	Limited company	RMB30,000,000	100%	100%	Trading of concrete
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建(天津)房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	100%	100%	Property development
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛煒達(南通)房地產開發有限公司)	12 January 2010	Limited company	RMB3,370,000,000	100%	100%	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞(無錫)有限公司)	7 September 2004	Limited company	RMB1,197,911,767	100%	100%	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海(哈爾濱)置業有限公司)	19 December 2007	Limited company	RMB660,000,000	100%	100%	Property development

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2012	2013	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Yangguang Xindi (Beijing) Property Co., Ltd. (恒盛陽光鑫地(北京)置業有限公司)	25 February 2003	Limited company	RMB129,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (恒盛陽光鑫地(大連)置業有限公司)	3 November 2009	Limited company	RMB300,000,000	70%	70%	Property development
Glorious Yangguang Xindi (Liaoning) Property Co., Ltd. (恒盛陽光鑫地(遼寧)置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	100%	100%	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地(天津)投資有限公司)	19 May 2003	Limited company	RMB806,039,565	100%	100%	Property development and investment holding
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐(合肥)房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	100%	100%	Property development
Glorious Zhuoda (Nantong) Property Development Co., Ltd. (恒盛焯達(南通)房地產開發有限公司)	21 June 2011	Limited company	RMB183,000,000	100%	100%	Property development
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資(大連)有限公司)	3 December 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Jiangsu Arts and Cultural Property Holdings Ltd. (江蘇演藝文化產業股份有限公司)	8 May 2004	Limited company	RMB50,000,000	54%	54%	Cultural and property development
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司)	16 January 2007	Limited company	RMB88,670,000	100%	100%	Investment holding
Jiangsu Glorious Dadi Culture Co., Ltd. (江蘇恒盛大地文化有限責任公司)	28 June 2011	Limited company	RMB10,000,000	54%	54%	Property development
Ma'anshan Glorious Yudong Property Development Co., Ltd. (馬鞍山恒盛裕東房地產開發有限公司)	4 March 2011	Limited company	RMB100,000,000	100%	100%	Property development
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	100%	100%	Wholesale of mechanical equipments and building materials
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	100%	100%	Property development
Shanghai Glorious Shengtong Investment Partnership Enterprise (Limited Partnership) (上海恒盛勝通投資合夥企業)(有限合夥)	13 June 2012	Limited partnership	—	100%	100%	Investment management

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2012	2013	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	100%	100%	Property development
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	100%	100%	Property development
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	100%	100%	Property development
Shanghai Junjie Business Consulting Co., Ltd. (上海雋捷商務諮詢有限公司)	28 December 2010	Limited company	RMB1,000,000	100%	100%	Business consulting and wholesale of construction materials
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	100%	100%	Interior and exterior decoration and renovation
Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司)	26 May 2008	Limited company	RMB20,000,000	100%	100%	Property development
Shanghai Ranjuan Decoration Engineering Co., Ltd. (上海冉娟裝潢工程有限公司)	28 December 2010	Limited company	RMB5,000,000	100%	100%	Interior and exterior decoration and renovation
Shanghai Rongxiang Property Development Co., Ltd. (上海熔祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	100%	100%	Property development
Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產開發有限公司)	19 June 2001	Limited company	RMB601,000,000	100%	100%	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	100%	100%	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	100%	100%	Property development and investment holding
Shenyang Glorious Plaza Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB5,000,000	100%	100%	Business management and property management
Tianjin Dong'an Construction Co., Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	70%	70%	Property development
Tianjin Gangtian Real Estate Investment Co., Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB136,265,000	100%	100%	Property development

Note:

(a) As at 31 December 2013, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's borrowings (note 20).

11 Interests in subsidiaries — Company *(Continued)*

Material non-controlling interests

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised balance sheets for each subsidiary that has non-controlling interests that are material to the Group:

	Jiangsu Arts and Cultural Property Holdings Ltd. and Jiangsu Glorious Dadi Culture Co., Ltd. (collectively referred to as "Jiangsu Cultural Property Group")	
RMB'000	**2013**	2012
Assets		
Non-current assets	**39,589**	40,570
Current assets	**441,760**	283,596
	481,349	324,166
Liabilities		
Current liabilities	**511,593**	349,074
	511,593	349,074
Net liabilities	**(30,244)**	(24,908)

	Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (referred to as "Glorious Yangguang Dalian")	
RMB'000	**2013**	2012
Assets		
Non-current assets	**3,288**	2,248
Current assets	**455,172**	465,824
	458,460	468,072
Liabilities		
Current liabilities	**164,220**	170,341
	164,220	170,341
Net assets	**294,240**	297,731

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11 Interests in subsidiaries — Company *(Continued)*

Material non-controlling interests *(Continued)*

Summarised financial information of subsidiaries with material non-controlling interests *(Continued)*

RMB'000	Tianjin Dong'an Construction Co., Ltd. (referred to as "Tianjin Dong'an") 2013	2012
Assets		
Non-current assets	**6,325**	6,686
Current assets	**828,555**	819,116
	834,880	825,802
Liabilities		
Current liabilities	**343,328**	88,062
	343,328	88,062
Net assets	**491,552**	737,740

The income statements and cash flow statements of Jiangsu Cultural Property Group, Glorious Yangguang Dalian and Tianjin Dong'an are insignificant to the Group.

The information above is the amount before inter-company eliminations.

12 Properties under development

RMB'000	2013	2012
Within normal operating cycle included under current assets	**21,794,177**	22,256,445
Amount comprised:		
Land use rights	**10,308,254**	11,260,194
Construction costs and capitalised expenditures	**5,450,810**	6,296,000
Interest capitalised	**6,126,191**	4,754,424
	21,885,255	22,310,618
Less: Provisions for impairment	**(91,078)**	(54,173)
	21,794,177	22,256,445

12 Properties under development *(Continued)*

The properties under development are all located in the PRC.

As at 31 December 2013, properties under development of carrying value of RMB7,900,757,000 (2012: RMB8,590,531,000) were pledged as collateral for the Group's borrowings (note 20). As at 31 December 2012, properties under development of RMB426,464,000 were being pledged as collateral for certain loan facilities of principal amount not exceeding RMB240,000,000 of a non-controlling shareholder of a subsidiary. During the year ended 31 December 2013, such collateral has been fully released.

RMB'000	**2013**	2012
Properties under development:		
Expected to be completed and available for sale after more than 12 months	**13,925,748**	12,699,853
Expected to be completed and available for sale within 12 months	**7,868,429**	9,556,592
	21,794,177	22,256,445

13 Completed properties held for sale

RMB'000	**2013**	2012
Completed properties held for sale comprised:		
Land use rights	**1,436,408**	1,360,140
Construction costs and capitalised expenditures	**3,724,650**	3,038,720
Interest capitalised	**676,645**	645,500
	5,837,703	5,044,360
Less: Provision for impairment	**(194,475)**	—
	5,643,228	5,044,360

The completed properties held for sale are all located in the PRC.

As at 31 December 2013, completed properties held for sale with carrying value of RMB2,110,521,000 (2012: RMB2,062,635,000) were pledged as collateral for the Group's borrowings (note 20).

14 Inventories

RMB'000	**2013**	2012
Construction materials, at cost	**5,143**	7,275

The cost of inventories recognised as expense in "cost of sales" amounted to RMB1,237,000 (2012: RMB225,000).

15 Trade and other receivables and prepayments

Group

RMB'000	**2013**	2012
Trade receivables due from third parties (a)	**411,243**	52,781
Other receivables due from third parties (b)	**1,332,110**	1,280,982
Prepayments for construction costs:	**1,990,114**	2,084,762
Related parties (note 36(b))	**1,069,946**	1,013,083
Third parties	**920,168**	1,071,679
Prepayments for land premium	**3,360,586**	4,095,324
Prepaid business tax and other taxes	**216,570**	260,452
	7,310,623	7,774,301

Company

RMB'000	**2013**	2012
Prepayments to third parties	**188**	743

(a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables at the balance sheet dates based on revenue recognition date is as follows:

RMB'000	**2013**	2012
Within 6 months	**374,547**	16,912
Between 7 and 12 months	**13,280**	11,898
Between 13 months and 3 years	**23,416**	23,971
	411,243	52,781

As at 31 December 2013, trade receivables of RMB411,243,000 (2012: RMB52,781,000) were overdue but not impaired, including an amount of trade receivables of RMB341,548,000 (2012: Nil) due from a local government authority upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable.

15 Trade and other receivables and prepayments *(Continued)*

(b) During 2012, the Group made a deposit of RMB168,000,000 pursuant to a memorandum of intent to acquire a property located in Beijing. During 2013, management decided not to proceed with the transaction. According to the cancellation agreement, such deposit should be fully refunded by the seller on or before 31 May 2013. During the year ended 31 December 2013, the Group has fully received the refund from the seller.

During 2012, a deposit of RMB240,000,000 was paid pursuant to a memorandum of intent to acquire a company which had obtained a piece of land in Shanghai. During 2013, the acquisition was cancelled and according to the memorandum of intent, the deposit for acquisition has become a loan to the target company and bears interest at 10% per annum for year ended 31 December 2013. Pursuant to a supplemental agreement entered into during 2013, the loan will bear interest at 14.5% per annum for the year ending 31 December 2014 and the loan and the related interest shall be fully repayable to the Group on 31 December 2014.

As at 31 December 2013, included in other receivables was also an amount due from a third party of RMB154,809,000 (2012: RMB127,959,000), which is unsecured, bears interest at 18% (2012: 18%) per annum and is repayable on demand.

Other than the aforementioned, all other receivables due from third parties are unsecured, interest-free and repayable on demand. None of these receivables from third parties is either past due or impaired.

As at 31 December 2012 and 2013, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

16 Restricted cash

Restricted cash comprises (i) funds borrowed under specific borrowings that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) guarantee deposits for bank loans, and (iv) other bank deposits that are restricted in use for daily operational needs. The components of restricted cash as at 31 December 2013 are as follows:

Group

RMB'000	**2013**	2012
Restricted funds under specific borrowings and guarantee deposits for mortgage facilities	**176,694**	375,066
Guarantee deposits for bank loans	**1,228,145**	1,931,466
Other restricted funds	**653**	908
Total	**1,405,492**	2,307,440

17 Cash and cash equivalents

Group

RMB'000	2013	2012
Cash at bank and on hand:		
Denominated in RMB	**2,945,465**	3,289,989
Denominated in US$	**2,527**	8,329
Denominated in HK$	**4,789**	1,871
	2,952,781	3,300,189
Less: Restricted cash	**(1,405,492)**	(2,307,440)
	1,547,289	992,749
Maximum exposure to credit risk	**2,945,217**	3,251,294

As at 31 December 2013, the Group's five highest bank balances amounted to RMB2,202,197,000 (2012: RMB2,278,084,000), representing 74.6% (2012: 69.0%) of the Group's total cash and bank balances at the balance sheet date.

Company

RMB'000	2013	2012
Cash at bank and on hand:		
Denominated in RMB	**27,911**	2,485
Denominated in US$	**1,197**	61
Denominated in HK$	**1,278**	550
	30,386	3,096
Less: Restricted cash	**—**	—
	30,386	3,096

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.0% to 2.6%.

18 Trade and other payables

Group

RMB'000	**2013**	2012
Trade payables (a):	**3,247,555**	3,827,317
Related parties (note 36(b))	**12,063**	3,965
Third parties	**3,235,492**	3,823,352
Other payables due to third parties (b):	**1,190,784**	1,622,050
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**880,784**	1,312,050
Other taxes payable	**160,867**	157,049
	4,599,206	5,606,416

Company

RMB'000	**2013**	2012
Other payables due to third parties	**18,173**	11,048

(a) The ageing analysis of trade payables at the balance sheet date is as follows:

Group

RMB'000	**2013**	2012
Within 6 months	**2,842,594**	2,855,994
Between 7 and 12 months	**27,499**	48,443
Between 13 months and 5 years	**377,462**	922,880
	3,247,555	3,827,317

(b) All other payables due to third parties are unsecured, interest-free and repayable on demand.

The Group's other payables and accrued expenses mainly comprise interest payable, accruals and guarantee deposits received from various suppliers.

18 Trade and other payables *(Continued)*

(c) The carrying amounts of the Group's and the Company's trade and other payables are denominated in the following currencies:

Group

RMB'000	**2013**	2012
HK$	**10,208**	10,555
RMB	**4,579,853**	5,577,940
US$	**9,145**	17,921
	4,599,206	5,606,416

Company

RMB'000	**2013**	2012
HK$	**9,028**	5,705
US$	**9,145**	5,343
	18,173	11,048

(d) As at 31 December 2012 and 2013, the carrying values of the trade and other payable balances approximate their fair values.

19 Amounts due to subsidiaries — Company

The amounts are unsecured, interest-free and repayable on demand. As at 31 December 2012 and 2013, the carrying values approximate their fair values.

20 Borrowings

Group

RMB'000	**2013**	2012
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**9,398,595**	7,788,653
Senior Notes due 2015 — secured (a)	**1,838,899**	1,901,024
Senior Notes due 2018 — secured (b)	**2,514,314**	—
Other borrowings — unsecured (c)	**17,000**	—
	13,768,808	9,689,677
Borrowings included in current liabilities:		
Bank borrowings — secured	**5,108,371**	5,446,715
Other borrowings — unsecured (c)	**47,800**	567,680
Other borrowings — secured	**160,400**	80,110
	5,316,571	6,094,505
Total borrowings	**19,085,379**	15,784,182
The carrying values of the borrowings are denominated in the following currencies:		
RMB	**14,732,166**	12,028,936
US$	**4,353,213**	3,755,246
Total borrowings	**19,085,379**	15,784,182

An analysis of the Group's borrowings into principal amounts is as follows:

RMB'000	**2013**	2012
Bank borrowings	**14,900,580**	13,455,903
Senior Notes due 2015 (a)	**1,829,070**	1,885,650
Senior Notes due 2018 (b)	**2,438,760**	—
Other borrowings	**225,200**	647,790
	19,393,610	15,989,343
Adjusted by: unamortised loan arrangement fees and accrued interests	**(308,231)**	(205,161)
Total borrowings	**19,085,379**	15,784,182

Company

RMB'000	**2013**	2012
Borrowings included in non-current liabilities and denominated in US$:		
Senior Notes due 2015 — secured (a)	**1,838,899**	1,901,024
Senior Notes due 2018 — secured (b)	**2,514,314**	—
Total borrowings	**4,353,213**	1,901,024

20 Borrowings *(Continued)*

The Group's borrowings comprises loans from commercial banks, other financial institutions and certain individuals, and financing obtained from the capital market in the way of notes. Apart from certain other borrowings as further mentioned in (c) below, all of the Group's borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale, restricted cash and equity interests of certain subsidiaries of the Group.

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregated nominal value of US$300,000,000 at par value (the "Senior Notes due 2015"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$292,806,000. The Senior Notes due 2015 will mature on 25 October 2015. The Company, at its option, can redeem the Senior Notes due 2015 (i) in whole, or in part, on or after 25 October 2013 at the redemption price equal to 106.50% before 25 October 2014 and 103.25% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 25 October 2013 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2015 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The senior notes due 2015 are listed on the Singapore Exchange Securities Trading Limited.

(b) On 4 March 2013, the Company issued 13.25% senior notes due 2018 with an aggregate nominal value of US$250,000,000 at par value. On 20 March 2013, the Company further issued 13.25% senior notes due 2018 with an aggregate nominal value of US$150,000,000 at par value. These senior notes further issued are consolidated and form a single series with the senior notes issued on 4 March 2013 (collectively the "Senior Notes due 2018"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$391,943,000. The Senior Notes due 2018 will mature on 4 March 2018. The Company, at its option, can redeem the Senior Notes due 2018 (i) in whole, or in part, on or after 4 March 2016 at the redemption price equal to 106.625% before 4 March 2017 and 103.313% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 4 March 2016 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2018 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The Senior Notes due 2018 are listed on the Hong Kong Stock Exchange and rank pari passu to the Senior Notes due 2015.

(c) As at 31 December 2013, short-term borrowings from third parties of RMB24,700,000 (2012: RMB547,750,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown. The remaining balances of RMB23,100,000 (2012: RMB19,930,000) are interest-free.

As at 31 December 2013, long term borrowings from third parties of RMB17,000,000 (2012: Nil) are unsecured and interest-bearing.

20 Borrowings *(Continued)*

(d) The maturities of the Group's and the Company's total borrowings at the balance sheet date are as follows:

Group

RMB'000	**2013**	2012
Amounts of borrowing that are repayable:		
Within 1 year	**5,316,571**	6,094,505
After 1 and within 2 years	**6,423,597**	6,365,956
After 2 and within 5 years	**7,305,211**	2,762,047
After 5 years	**40,000**	561,674
	19,085,379	15,784,182
Comprising amounts of borrowings that are:		
wholly repayable within 5 years	**18,995,379**	15,127,508
wholly repayable after 5 years	**90,000**	656,674
	19,085,379	15,784,182

Company

RMB'000	**2013**	2012
Amounts of borrowing that are repayable:		
After 1 and within 2 years	**1,838,899**	—
After 2 and within 5 years	**2,514,314**	1,901,024
	4,353,213	1,901,024
Comprising amounts of borrowings that are:		
wholly repayable within 5 years	**4,353,213**	1,901,024

(e) The fair values of the Senior Notes due 2015 and Senior Notes due 2018 as at 31 December 2013 were approximately RMB1,678,172,000 (2012: RMB1,924,117,000) and RMB2,024,171,000 (2012: Not Applicable) respectively. They were determined directly by references to the price quotations published by the Singapore Exchange Securities Trading Limited and the Hong Kong Stock Exchange on 31 December 2013 respectively. The fair values of the Group's other current and non-current borrowings approximate their carrying amounts at each balance sheet date.

(f) As at 31 December 2013, the Group's and the Company's effective interest rates are 12.0% and 13.3% respectively (2012: 12.3% and 13.2% respectively).

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20 Borrowings (Continued)

(g) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates (or maturity date whichever is earlier) are as follows:

Group

RMB'000	2013	2012
Within 6 months	**8,102,963**	8,615,871
Between 7 and 12 months	**858,688**	2,247,457
Between 13 months and 5 years	**10,123,728**	4,920,854
	19,085,379	15,784,182

Company

RMB'000	2013	2012
Between 13 months and 5 years	**4,353,213**	1,901,024

21 Obligations under finance lease

RMB'000	2013	2012
Gross finance lease liabilities — minimum lease payments:		
No later than 1 year	**920**	920
Later than 1 year and no later than 5 years	**4,163**	4,025
Later than 5 years	**42,604**	43,661
	47,687	48,606
Future finance charges on finance leases	**(29,061)**	(30,167)
Present value of finance lease liabilities	**18,626**	18,439
The present value of finance lease liabilities is as follows:		
No later than 1 year	**868**	868
Later than 1 year and no later than 5 years	**3,397**	3,279
Later than 5 years	**14,361**	14,292
	18,626	18,439

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

22 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

RMB'000	**2013**	2012
Deferred income tax assets		
To be realised after more than 12 months	**341,325**	171,225
To be realised within 12 months	**89,508**	141,262
	430,833	312,487
Deferred income tax liabilities		
To be realised after more than 12 months	**1,745,788**	1,654,072
To be realised within 12 months	**—**	—
	1,745,788	1,654,072
Deferred income tax liabilities, net	**(1,314,955)**	(1,341,585)

The movements of the net deferred income tax liabilities are as follows:

RMB'000	**2013**	2012
At 1 January	**(1,341,585)**	(1,168,212)
Recognised in the consolidated statement of comprehensive income (note 31)	**26,630**	(173,373)
At 31 December	**(1,314,955)**	(1,341,585)

22 Deferred income tax *(Continued)*

Movement in deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

RMB'000	Tax losses	Unrealised profits	Other expenses	Total
At 1 January 2012	126,351	102,088	50,535	278,974
Credited/(charged) to the consolidated statement of comprehensive income	13,837	(25,232)	44,908	33,513
At 31 December 2012	140,188	76,856	95,443	312,487
Credited/(charged) to the consolidated statement of comprehensive income	**63,097**	**73,630**	**—**	**136,727**
At 31 December 2013	**203,285**	**150,486**	**95,443**	**449,214**

Deferred income tax liabilities

RMB'000	Other timing differences arising from capitalised interest	Fair value gains	Total
At 1 January 2012	(196,534)	(1,250,652)	(1,447,186)
Charged to the consolidated statement of comprehensive income	(80,816)	(126,070)	(206,886)
At 31 December 2012	(277,350)	(1,376,722)	(1,654,072)
Charged to the consolidated statement of comprehensive income	**(63,221)**	**(46,876)**	**(110,097)**
At 31 December 2013	**(340,571)**	**(1,423,598)**	**(1,764,169)**

22 Deferred income tax *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2013, the Group did not recognise deferred income tax assets of RMB71,912,000 (2012: RMB27,202,000) in respect of tax losses of approximately RMB287,647,000 (2012: RMB108,809,000) as there are uncertainties as to whether assessable profits will be available in the foreseeable future to utilise such tax losses. These tax losses will expire in the following years:

RMB'000	**2013**	2012
2013	**—**	2,795
2014	**3,536**	3,536
2015	**7,887**	7,887
2016	**50,910**	50,910
2017	**43,681**	43,681
2018	**181,633**	—
	287,647	108,809

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of RMB754,580,000 (2012: RMB645,675,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

23 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2012, 31 December 2012 and 31 December 2013	**38,000,000,000**	**380,000,000**			
Issued:					
Ordinary shares of HK$0.01 each at 1 January 2012, 31 December 2012 and 31 December 2013	**7,792,645,623**	**77,926,456**	**68,745**	**7,822,982**	**7,891,727**

24 Reserves

(a) Company reserves

RMB'000	Other reserve (note (d))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2012	264,317	176,537	(2,611,602)	(2,170,748)
Total comprehensive loss for the year	—	—	(288,888)	(288,888)
Employee share-based compensation (note 38)	—	18,521	—	18,521
Balance at 31 December 2012	264,317	195,058	(2,900,490)	(2,441,115)
Total comprehensive loss for the year	**—**	**—**	**(447,181)**	**(447,181)**
Employee share-based compensation (note 38)	**—**	**6,737**	**—**	**6,737**
Balance at 31 December 2013	**264,317**	**201,795**	**(3,347,671)**	**(2,881,559)**

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of RMB447,181,000 (2012: RMB288,888,000).

(b) Merger reserve

Merger reserve arises from merger accounting for reorganisation of the Group completed in 2007.

(c) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2013, appropriation to the general statutory reserve amounted to RMB2,488,000 (2012: RMB40,835,000).

(d) Other reserve

It represents the 0.7% and 0.5% equity interests in the Company contributed by Best Era International Limited, the immediate holding company of the Company and is wholly-owned by Mr. Zhang Zhi Rong, in connection with the Group's financing activities in 2007 and 2009 respectively.

25 Other income

RMB'000	**2013**	2012
Interest income	**69,681**	41,779
Rental income (note 7)	**29,818**	30,430
Others	**2,135**	9,834
	101,634	82,043

26 Other gains, net

RMB'000	**2013**	2012
Fair value changes of investment properties	**187,503**	504,280
Exchange gains, net	**111,084**	15,797
	298,587	520,077

27 Expenses by nature

Profit before income tax is stated after charging the following:

RMB'000	**2013**	2012
Auditors' remuneration	**10,504**	10,462
Advertising costs	**108,220**	82,794
Business taxes and other levies	**464,911**	467,163
Costs of properties sold	**6,415,775**	5,942,030
Provision for impairment of properties under development and completed properties held for sale	**285,553**	54,173
Provision for impairment of other receivables and prepayments	**45,000**	—
Depreciation (note 6)	**20,309**	25,091
Amortisation of intangible asset (note 8)	**505**	528
Staff costs — excluding directors' emoluments (note 29)	**146,533**	156,228
Donations	**1,722**	3,163
Rental expenses	**58,001**	58,099
Losses on disposals of property, plant and equipment	**5,584**	759

Notes to the Consolidated Financial Statements
31 December 2013

28 Finance costs

RMB'000	**2013**	2012
Interest expenses for borrowings wholly repayable within 5 years:		
— Bank borrowings	**1,839,334**	1,519,148
— Senior Notes due 2015	**250,847**	254,732
— Senior Notes due 2018	**271,034**	—
— others	**133,467**	36,959
Interest expenses for borrowings wholly repayable after 5 years:		
— Bank borrowings	**6,787**	42,505
Total interest expenses	**2,501,469**	1,853,344
Less: interest capitalised on qualifying assets	**(2,498,921)**	(1,845,018)
	2,548	8,326

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised at a capitalisation rate of 15.1% during the year (2012: 11.9%).

29 Staff costs — excluding directors' emoluments

RMB'000	**2013**	2012
Wages and salaries	**102,349**	112,828
Retirement scheme contribution	**13,864**	13,965
Staff welfare	**12,638**	14,092
Other allowances and benefits	**14,833**	10,717
Share-based compensation expenses	**2,849**	4,626
	146,533	156,228

30 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2013 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (ii)	Total
Executive director (iii):								
Mr. Cheng Li Xiong	—	6,896	—	60	697	7,653	1,296	8,949
Mr. Ding Xiang Yang	—	2,258	—	48	29	2,335	1,296	3,631
Mr. Liu Ning (iv)	—	3,658	—	48	29	3,735	432	4,167
Mr. Xia Jing Hua	—	1,624	—	48	29	1,701	432	2,133
Mr. Yan Zhi Rong	—	1,624	—	48	29	1,701	432	2,133
Mr. Yu Xiu Yang	—	1,557	—	—	—	1,557	—	1,557
Independent non-executive director:								
Mr. Yim Ping Kuen	377	—	—	—	—	377	—	377
Mr. Liu Shun Fai	377	—	—	—	—	377	—	377
Mr. Wo Rui Fang	377	—	—	—	—	377	—	377
Mr. Han Ping	377	—	—	—	—	377	—	377

Notes to the Consolidated Financial Statements
31 December 2013

30 Emoluments for directors and five highest paid individuals *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of each director of the Company for the year ended 31 December 2012 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (ii)	Total
Executive director (iii):								
Mr. Zhang Zhi Rong (i)	—	5,398	—	10	—	5,408	3,210	8,618
Mr. Cheng Li Xiong	—	5,493	—	55	607	6,155	3,562	9,717
Mr. Ding Xiang Yang	—	4,998	—	44	26	5,068	3,562	8,630
Mr. Liu Ning (iv)	—	2,998	—	44	26	3,068	1,187	4,255
Mr. Xia Jing Hua	—	2,998	—	44	26	3,068	1,187	4,255
Mr. Yan Zhi Rong	—	2,998	—	44	26	3,068	1,187	4,255
Mr. Yu Xiu Yang	—	1,995	—	—	—	1,995	—	1,995
Independent non-executive director:								
Mr. Yim Ping Kuen	389	—	—	—	—	389	—	389
Mr. Liu Shun Fai	389	—	—	—	—	389	—	389
Mr. Wo Rui Fang	389	—	—	—	—	389	—	389
Mr. Han Ping	389	—	—	—	—	389	—	389

(i) Mr. Zhang Zhi Rong ceased to be the Company's executive director from 26 November 2012.

(ii) Amounts represent the fair value of share options measured at the grant date charged to the consolidated statement of comprehensive income according to their vesting periods.

(iii) The Company's executive directors represent all of the Company's chief executives. Accordingly, no separate disclosure in respect of the remuneration of the chief executives is made in the financial statements.

(iv) Mr. Liu Ning resigned as the Company's executive director and chief executive officer from 5 February 2014.

During each of the years ended 31 December 2012 and 2013, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

30 Emoluments for directors and five highest paid individuals *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2013 include 3 directors (2012: 3 directors). Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals (2012: 2 individuals) for the year ended 31 December 2013 are as follows:

RMB'000	**2013**	2012
Salaries and other short-term benefits	**8,269**	10,387
Retirement scheme contribution	**19**	22
Bonuses	**1,041**	419
Share-based compensation expenses	**432**	1,187
	9,761	12,015

The emoluments fell within the following bands:

	2013	2012
RMB4,000,001 to RMB4,500,000	**—**	1
RMB4,500,001 to RMB5,000,000	**2**	—
RMB7,500,001 to RMB8,000,000	**—**	1
	2	2

31 Income tax expenses

RMB'000	**2013**	2012
Current income tax		
— PRC corporate income tax	**300,194**	363,990
— PRC land appreciation tax	**286,623**	253,492
Overprovision in prior year		
— PRC land appreciation tax and the effect on the PRC corporate income tax, net	**(150,903)**	—
	435,914	617,482
Deferred income tax (note 22)		
— Origination and reversal of temporary differences	**(26,630)**	173,373
	(26,630)	173,373
	409,284	790,855

31 Income tax expenses *(Continued)*

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

RMB'000	**2013**	2012
Profit before income tax	**697,814**	1,869,043
Calculated at PRC corporate income tax rate of 25%	**174,454**	467,261
Expenses not deductible for tax purposes	**158,581**	132,096
Income not taxable for tax purposes	**(38,196)**	(6,235)
Tax losses not recognised as deferred income tax assets	**45,408**	10,921
Provision for land appreciation tax	**286,623**	253,492
Tax effect on land appreciation tax	**(71,656)**	(67,103)
Effect of different tax rates applicable to different companies within the Group	**—**	398
Overprovision in prior year	**(150,903)**	—
Others	**4,973**	25
Income tax expenses	**409,284**	790,855

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2012 and 2013 of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2012 and 2013 as there is no assessable profit for these years.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax. The Group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

32 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to the owners of the Company (RMB'000)	**292,074**	1,081,631
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2012 and 2013, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

	2013	2012
Earnings		
Profit attributable to the owners of the Company (RMB'000)	**292,074**	1,081,631
Number of Shares		
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646
Adjustment for share options (thousands)	**—**	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,792,646**	7,792,646

33 Dividend

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on 30 May 2014 the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

34 Notes to Consolidated Statement of Cash Flows

Reconciliation of profit for the year to cash generated from operations

RMB'000	Note	**2013**	2012
Profit for the year		**288,530**	1,078,188
Adjustments for:			
Share of loss of an associate		**2,879**	1,704
Share of loss of a joint venture		**7,068**	3,382
Income tax expenses	31	**409,284**	790,855
Interest income	25	**(69,681)**	(41,779)
Interest expenses	28	**2,548**	8,326
Fair value changes of investment properties	26	**(187,503)**	(504,280)
Depreciation	6	**20,309**	25,091
Amortisation of intangible asset	8	**505**	528
Losses on disposals of property, plant and equipment	27	**5,584**	759
Exchange gains, net	26	**(111,084)**	(15,797)
Share-based compensation expenses		**6,737**	18,521
Provision for impairment of properties under development and completed properties held for sale	27	**285,553**	54,173
Provision for impairment of other receivables and prepayments	27	**45,000**	—
Changes in working capital:			
Properties under development and completed properties held for sale		**799,012**	(205,203)
Inventories		**2,132**	(426)
Restricted cash		**198,627**	(130,719)
Trade and other receivables and prepayments		**(303,480)**	1,187,031
Investment in and loan to a joint venture		**135,916**	(11,092)
Trade and other payables		**(191,406)**	753,022
Advanced proceeds received from customers		**(1,302,924)**	(1,247,575)
Cash generated from operations		**43,606**	1,764,709

There is no major non-cash transaction during each of the years ended 31 December 2012 and 2013.

35 Commitments

(a) Commitments for capital and property development expenditures

RMB'000	**2013**	2012
Contracted but not provided for		
Land use rights	**1,614,661**	279,068
Property development expenditures	**6,981,262**	6,888,784
— Shanghai Ditong	**2,493,185**	3,270,422
— Third parties	**4,488,077**	3,618,362
Construction materials	**6,054**	19,346
	8,601,977	7,187,198

As at 31 December 2013, the Group's share of commitment of the joint venture (note 10) is RMB138,180,000 (2012: RMB64,291,000).

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

RMB'000	**2013**	2012
No later than 1 year	**22,861**	19,610
Later than 1 year and no later than 5 years	**28,043**	13,291
	50,904	32,901

36 Related party transactions

The Company is controlled by Best Era International Limited (incorporated in the BVI), which owns 63.9% of the Company's issued shares. The remaining 36.1% of the issued shares are widely held. The ultimate controlling party of the Company is Mr. Zhang Zhi Rong.

The following transactions were carried out with related parties:

(a) Purchase of services

RMB'000	**2013**	2012
Purchase of construction services from: — Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong") a company controlled by close family member of the ultimate controlling party	**1,105,904**	1,226,257
Purchase of property design services from an associate	**28,765**	15,470

Subsequent to the year ended 31 December 2013, the Group has entered into two new contracts with Shanghai Ditong for the purchase of construction services, amounting to approximately RMB1,555,000,000. Prepayment of approximately RMB466,000,000 has been paid by the Group in accordance with these contracts. The Board acknowledged that the completion of these contracts and the contracts with Shanghai Ditong as shown in note 35(a) is subject to the requirements of the Listing Rules in respect of continuing connected transactions. One of such requirements is that the amount of transactions with Shanghai Ditong in respect of a year cannot exceed the annual cap pre-approved by the independent shareholders (the "Annual Cap"). The approved Annual Cap in respect of 2014 is currently RMB681,000,000.

The Board will continue to monitor the transactions with Shanghai Ditong and seek the approval by the independent shareholders in an extraordinary general meeting to revise the 2014 Annual Cap and to pre-approve the Annual Caps for 2015, 2016 and 2017 as required by the Listing Rules.

36 Related party transactions *(Continued)*

(b) Balances with related parties

As at 31 December 2012 and 2013, the Group had the following significant balances with related parties:

RMB'000	**2013**	2012
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services — included in "Prepayments"		
— Shanghai Ditong	**1,067,656**	1,010,793
— Other related companies	**2,290**	2,290
	1,069,946	1,013,083
Loan to a joint venture	**1,843,081**	1,978,997
Balances included in current liabilities:		
Trading balances — included in "Trade payables"		
— Other related companies	**12,063**	3,965

Except for the loan to a joint venture, the terms of which are disclosed in note 10(a), as at 31 December 2012 and 2013, all other balances with related parties were unsecured, interest free and repayable on demand or to be settled according to the relevant trading terms, as appropriate.

(c) Key management compensation

RMB'000	**2013**	2012
Salaries and other short-term employee benefits	**25,612**	33,606
Share-based compensation expenses	**3,887**	13,895
	29,499	47,501

37 Financial guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2013, the amount of outstanding guarantees for mortgages were approximately RMB6,866,047,000 (2012: RMB6,404,400,000).

The directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

38 Share option schemes

(a) Pre-IPO share option scheme

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme"). By the same resolution, the Company granted 84,000,000 share options to its directors and employees which are exercisable for a ten-year period from the grant date under the following terms:

(i) the exercise price per share shall be equal to 60% discount to the initial public offering price;

(ii) 20% of the total number of shares will become exercisable on 2 October 2009 (the "Listing Date"). The remaining 80% of share options will become exercisable in four equal instalments, 20% of the total number of shares will become exercisable on the first anniversary of the Listing Date with a further 20% to become exercisable on each subsequent anniversary.

38 Share option schemes *(Continued)*

(a) Pre-IPO share option scheme *(Continued)*

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. For the year ended 31 December 2013, the amount of share-based compensation expenses amounted to RMB6,737,000 (2012: RMB18,521,000).

Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Movement of Pre-IPO Share Option Scheme during the year ended 31 December 2012 and 2013 is as follows:

	Exercise Price (HK$)	**Number of options**
At 1 January 2012 and 31 December 2012	1.76	78,000,000
Lapsed	1.76	(4,000,000)
At 31 December 2013	1.76	74,000,000

All of the outstanding share options as at 31 December 2013 were exercisable and will expire by 8 September 2019.

The weighted average fair value granted in 2009 determined using the Binomial option pricing model was HK$3.05 per option. The significant inputs to the model were as follows:

Assumptions	
Volatility	73.85%
Dividend yield	1.70%
Annual risk-free rate	2.356%
Expected option life	10 years

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

38 Share option schemes *(Continued)*

(b) Share option scheme

Pursuant to the aforementioned resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company adopted a share option scheme on 9 September 2009 ("Share Option Scheme"). The purpose of the share option scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors (each a "participant"). The Board may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme is the highest of:

— the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;

— the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and

— the nominal value of the shares of the Company.

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company at the date of approval of the share option scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme must not exceed 30% of the Company's issued share capital.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. If shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company in any 12-month period, (i) represent in aggregate more than 0.1% of the total number of shares in issue and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5,000,000, the proposed grant of option must be approved by the Company's shareholders by poll in a general meeting.

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can vest.

As at 31 December 2013, no share options have been granted under the Share Option Scheme (2012: Nil).

Five-Year Financial Summary

Consolidated results

RMB'000	2009	2010	2011	2012	**2013**
Revenue	6,171,127	7,114,025	9,585,443	8,384,740	**8,217,194**
Cost of sales	(3,201,760)	(3,694,934)	(5,788,246)	(6,463,366)	**(7,166,239)**
Gross profit	2,969,367	3,419,091	3,797,197	1,921,374	**1,050,955**
Other income	27,366	803,239	182,695	82,043	**101,634**
Other gains, net	1,218,817	2,410,578	724,419	520,077	**298,587**
Selling and marketing expenses	(151,333)	(197,133)	(240,998)	(235,457)	**(269,759)**
Administrative expenses	(351,397)	(421,057)	(435,957)	(405,582)	**(471,108)**
Finance costs	(27,068)	(3,750)	(2,526)	(8,326)	**(2,548)**
Share of profit/(loss) of an associate	—	1,351	338	(1,704)	**(2,879)**
Share of loss of a joint venture	—	(50,090)	(4,143)	(3,382)	**(7,068)**
Profit before income tax	3,685,752	5,962,229	4,021,025	1,869,043	**697,814**
Income tax expenses	(1,319,608)	(2,353,451)	(1,811,944)	(790,855)	**(409,284)**
Profit for the year	2,366,144	3,608,778	2,209,081	1,078,188	**288,530**
Profit for the year attributable to:					
— the owners of the Company	2,366,144	3,608,552	2,215,654	1,081,631	**292,074**
— non-controlling interests	—	226	(6,573)	(3,443)	**(3,544)**
	2,366,144	3,608,778	2,209,081	1,078,188	**288,530**
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)					
— Basic	0.38	0.46	0.28	0.14	**0.04**
— Diluted	0.38	0.46	0.28	0.14	**0.04**
Dividend	233,779	—	—	—	**—**
Dividend per share (expressed in RMB per share)	0.03	—	—	—	**—**

Five-Year Financial Summary

Assets and liabilities

RMB'000	2009	2010	2011	2012	**2013**
Total non-current assets	3,192,410	8,037,249	11,591,256	14,030,720	**15,955,781**
Total current assets	23,175,275	34,288,872	39,112,911	38,596,456	**38,018,942**
Total assets	26,367,685	42,326,121	50,704,167	52,627,176	**53,974,723**
Total non-current liabilities	5,544,195	9,010,272	7,076,858	11,361,320	**15,532,354**
Total current liabilities	8,976,813	18,023,880	25,282,613	21,824,051	**18,705,297**
Total liabilities	14,521,008	27,034,152	32,359,471	33,185,371	**34,237,651**
Net assets	11,846,677	15,291,969	18,344,696	19,441,805	**19,737,072**

Particulars of Major Properties Held

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA *(sq.m.)*	Approximate number of carparks	Lease term
A.	**Major properties held for investment by the Group**						
1.	Chateau De Paris (Phase II)	No.2093 Xietu Road, Xuhui District, Shanghai	Commercial	100%	15,559	342	Long term
2.	Sunshine Venice (Phases I, II & IIIA, B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	34,042	1,240	Long term
3.	Sunshine Venice (Phase IIIC)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	58,718	—	Long term
4.	Shanghai Bay (Phase III) – Binjiang Center (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/ Office	100%	110,832	362	Long term
5.	Shanghai Bay (Phase III) – Binjiang Center (South block)	No. 1441 Wanping South Road, Shanghai	Hotel	100%	123,388	307	Long term
6.	Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
7.	Caohejing Project	No. 292 Caohejing Road, Shanghai	Commercial/ Office/Hotel	100%	115,031	450	Long term
8.	Zhongcaoxincun Project	No. 143 Xujiahui Road, Shanghai	Commercial/ Office	100%	88,615	340	Long term
9.	Sunny Town (Shenyang Glorious Plaza)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	119,391	178	Long term
10.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Commercial	100%	35,906	180	Long term
11.	Changchun Villa Glorious (West) (Phase I)	East to Chaoran Street, south to Guihua Road, west to Chaoqun Street, north to Yisi Road, New and High-tech District, Changchun	Commercial	100%	13,800	120	Long term
12.	Hefei Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Commercial/ Office/Hotel	100%	700,203	3,800	Long term
13.	Nanjing Royal Bay (Phase I)	The southern end of Xiaguan District, Nanjing	Commercial	60%	30,584	486	Long term
14.	Nantong Glorious Plaza	South of Shiji Avenue and east of Gongnong Road, Nantong, Jiangsu Province	Commercial/ Office/Hotel	100%	297,486	1,196	Long term
	Subtotal				**1,745,631**	**9,082**	

Particulars of Major Properties Held

Name of property		Location	Type	Percentage	Interest attributable to the Group: Approximate GFA *(sq.m.)*	Approximate site area *(sq.m.)*	Approximate number of carparks	Stage of completion	Anticipated completion date
B.	**Major projects under development and planning held by the Group**								
1.	Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial/ Hotel	100%	567,643	178,734(1)	1,458	Main structure under construction	December 2013 to December 2015 in stages
2.	Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	22,750	118,307(2)	200	Under planning	September 2016
	Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	89,540	161,388	890	Under planning	September 2016
3.	Sunshine Venice (Phase IV)	South of Taopu Road and west of Qilianshan Road, Shanghai	Residential	100%	68,225	429,929(3)	322	Under planning	October 2015
4.	Shanghai City Glorious (Phase I)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	474,447	315,588(4)	1,551	Foundation, main structure and amenities under construction	March 2013 to June 2015 in stages
	Shanghai City Glorious (Phase II)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	445,665	315,588(4)	1,863	Foundation under construction	January 2014 to June 2016 in stages
5.	Hefei Royal Garden (Phase III)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/ Commercial/ Hotel	100%	175,026	150,001(5)	1,724	Main structure under construction	October 2014 to July 2015 in stages

Notes:
(1) The site area includes all of the site areas of Shanghai Bay Phase II.
(2) The site area includes all of the site areas of Royal Lakefront Phases IA and IB.
(3) The site area includes all of the site areas of Sunshine Venice Phases I to IV.
(4) The site area includes all of the site areas of Shanghai City Glorious Phases I to III.
(5) The site area includes all of the site areas of Hefei Royal Garden Phases I to III.

Particulars of Major Properties Held

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA *(sq.m.)*	Approximate site area *(sq.m.)*	Approximate number of carparks	Stage of completion	Anticipated completion date
6.	Hefei Bashangjie Project (Land parcel A2, Phase1.1)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	301,286	118,929(6)	1,809	Main structure under construction	June 2014 to December 2014 in stages
	Hefei Bashangjie Project (Land parcel A2, Phase1.2)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	207,494	118,929(6)	2,009	Under planning	June 2016
7.	No.1 City Promotion (Phase III)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Wuxi, Jiangsu Province	Residential/ Commercial	100%	108,514	52,287	258	Preparing to deliver	May 2014
8.	Nantong Royal Bay (Land parcel No. 3, Phase 1.3)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	39,492	244,524(7)	372	Interior decoration in progress	June 2014
	Nantong Royal Bay (Land parcel No. 5)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	196,941	244,524(7)	1,049	Under planning	September 2016
9.	Nanjing Royal Bay (Phase I)	The southern end of Xiaguan District, Nanjing	Residential/ Commercial	60%	477,191	109,244	3,370	Foundation and main structure under construction	August 2015 to September 2017 in stages
10.	Royal Mansion (Phase II)	The fourth Zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	62,592	34,850(8)	180	Under planning	November 2017

Notes:
(6) The site area includes all of the site areas of land parcels A1 and A2 of Hefei Bashangjie Project.
(7) The site area includes all of the site areas of Nantong Royal Bay Land parcels No. 3 and No. 5.
(8) The site area includes all of the site areas of Royal Mansion Phase II.

Particulars of Major Properties Held

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate site area (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Stage of completion	Anticipated completion date
11.	Tianjin Royal Bay Seaside (North Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	61,029	312,704(9)	1,267	Main structure under construction	December 2015
	Tianjin Royal Bay Seaside (East Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	97,664	366,667(10)	—	Amenities under construction	December 2015
12.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenglin Road, Hedong District, Tianjin	Residential/ Commercial	100%	71,505	15,770	575	Main structure under construction	October 2015
13.	Tianjin Royal Bay Lakeside (Phases I-IV)	The eastern part of Tuanbohu, Jinghai County, Tianjin	Residential/ Commercial	70%	1,567,303	1,196,000	7,087	Under planning	June 2016 to July 2018 in stages
14.	Dalian Plot No. 200	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential	70%	273,293	50,250	832	Under planning	May 2018
15.	Changchun Villa Glorious (East) (Land parcel C, Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	352,412	516,768(11)	1,396	Amenities under construction	October 2014
	Changchun Villa Glorious (West) (Land parcel A, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	60,440	516,768(11)	621	External wall under construction	August 2014

Notes:
(9) The site area includes all of the site areas of Tianjin Royal Bay Seaside North Phases I and II.
(10) The site area includes all of the site areas of Tianjin Royal Bay Seaside East Phases I and II.
(11) The site area includes all of the site areas of the East and West parts of Changchun Villa Glorious.

Particulars of Major Properties Held

Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
Changchun Villa Glorious (West) (Land parcel A, Phase III)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	86,778	516,768[11]	609	Under planning	June 2016
Changchun Villa Glorious (West) (Land parcel A, Phase IV)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	80,162	516,768[11]	773	Under planning	June 2016
Changchun Villa Glorious (West) (Land parcel B, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	61,000	516,768[11]	600	Under planning	November 2016
Changchun Villa Glorious (West) (Land parcel B, Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	39,023	516,768[11]	300	Under planning	November 2016
Subtotal				**5,987,415**		**31,115**		

Notes:

(11) The site area includes all of the site areas of the East and West parts of Changchun Villa Glorious.

Particulars of Major Properties Held

Name of property		Location	Type	Interest attributable to the Group: Percentage	Approximate GFA *(sq.m.)*	Approximate number of carparks
C.	**Major properties available for sale held by the Group**					
1.	Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	26,451	335
2.	Chateau De Paris (Phase I)	No. 2143 Xietu Road, Xuhui District, Shanghai	Residential/ Commercial	100%	4,809	89
3.	Sunshine Venice (Phase III B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	21,819	240
4.	Shanghai Bay (Phase I & II)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	12,038	586
5.	No.1 City Promotion (Phase I, II & III)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	18,252	2,741
6.	Classical Life	No. 88 Qinfeng Road, Changshu, Jiangsu Province	Commercial	100%	1,900	—
7.	Sunny Town (Phase III, IVA & IVB)	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	2,081	915
8.	Nantong Glorious Chateau	New District, Rugao Port Zone, Jiangsu Province	Residential/ Commercial	100%	92,445	308
9.	Hefei Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	15,000	80
10.	Hefei Villa Glorious (Phase III)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Commercial	100%	595	96

Particulars of Major Properties Held

	Name of property	Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
11.	Royal Mansion (Phase I)	The fourth Zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	467	—
12.	Harbin Villa Glorious (Phase III)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	33,013	413
13.	Harbin Royal Garden	North to the fourth Avenue, east to Shangjiang Street, south to the fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential/ Commercial	100%	9,271	1,018
14.	Nantong Villa Glorious	South of Dongcheng Garden, west of Shiji Road and the north of Tongjia River, Nantong, Jiangsu Province	Residential/ Commercial	100%	32,486	647
15.	Nantong Royal Bay (Land parcel No. 3)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	20,993	276
16.	Changchun Villa Glorious (East) (Land parcel C, Phase I & II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	81,460	2,512
	Changchun Villa Glorious (West) (Land parcel A, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	59,277	621
17.	Dalian Villa Glorious	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential/ Commercial	100%	11,942	272
18.	Tianjin Royal Bay Seaside (West Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential/ Commercial	100%	5,000	192
19.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	49,394	499
	Subtotal				**498,693**	**11,840**

Concept, design and printing: iOne Financial Press Limited.
Website: www.ione.com.hk

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