融創中國

融創中國控股有限公司
SUNAC CHINA HOLDINGS LIMITED

（於開曼群島註冊成立的有限責任公司）

(incorporated in the Cayman Islands with limited liability)

Stock Code 股份代號: 1918

ANNUAL REPORT 2013 年度報告

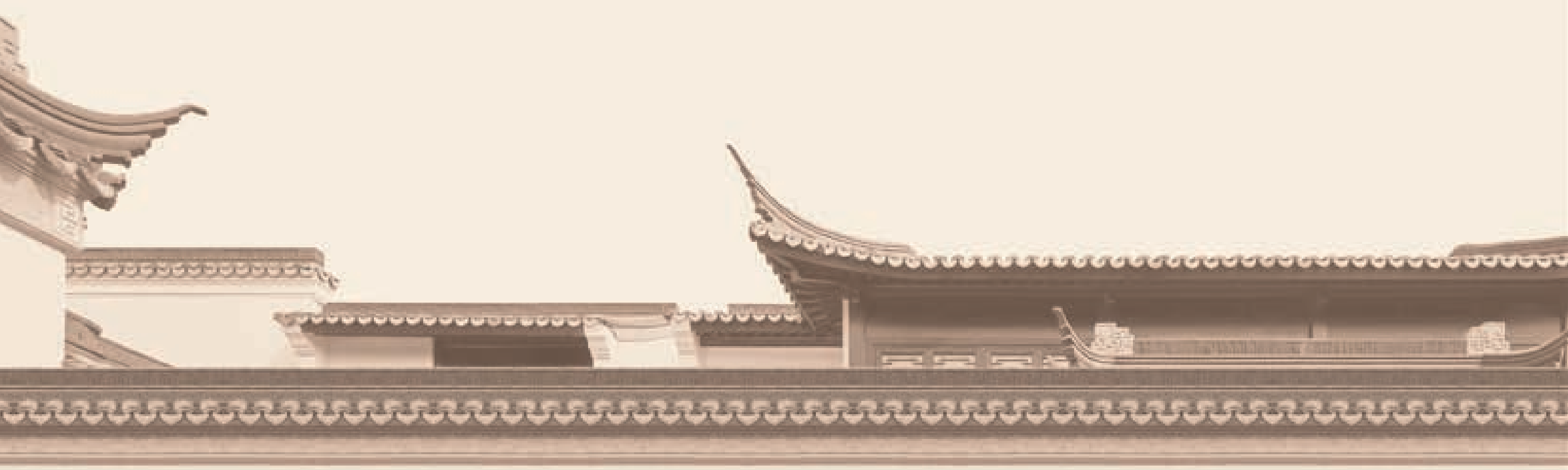
About SUNAC
關於融創

SUNAC China Holdings Limited (the "Company", "our Company" and its subsidiaries collectively referred to as the "Group") is an integrated residential and commercial property developer. To date, the Company has engaged in project developments in five main regions of the PRC namely Beijing, Tianjin, Chongqing, Shanghai and Hangzhou which are currently in different phases and has covered a diverse range of property types, such as high-rise and mid-rise residences, detached villas, townhouses, retail properties, offices and car parks.

The Company focuses on high-end property development and management business. Guided by its brand positioning as "Passion for Perfection", the Company has long been providing high-end products to customers. With the aim of becoming leader of the real estate industry in China, the Company's pursuit of high-quality products and services never ends. It is always committed to providing a desirable, elegant life experience to its customers through quality products and services. With its accurate judgment of market trends, keen in-sights into consumer demands and emphasis on high product quality, the Company is ready to adopt cutting-edge concepts at the right time to design and develop its projects, and has created an advanced quality control and supervisory system.

融創中國控股有限公司（簡稱：本公司，本公司及其附屬公司統稱為本集團）是一家專業從事住宅及商業地產綜合開發的企業。迄今，公司在中國北京、天津、重慶、上海和杭州五個區域擁有眾多處於不同發展階段的項目，產品涵蓋高層及多層住宅、別墅、聯排別墅、商業、寫字樓及泊車位等多種物業類型。

公司專注於高端物業的開發和管理，以「至臻，致遠」為品牌方向，持之以恆的為客戶專注打造高端精品物業，立志成為對高端品質不懈追求的中國房地產行業領跑者。公司用心為客戶提供大氣舒放、貴氣質感、富有品質的高端生活體驗，不懈追求具有恆久價值的優質產品和用心週到的服務。基於對市場發展的精準判斷，對消費者需求的敏銳洞悉，以及對高品質的不懈追求，公司採用先進的設計理念和嚴格的管理監控體系，致力於不斷提升定位、產品規劃設計、建設和服務能力，提升專案綜合品質，打造精品項目。



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Hongbin *(Chairman and Chief Executive Officer)*
Mr. Wang Mengde
Mr. Li Shaozhong
Mr. Chi Xun
Mr. Shang Yu
Mr. Jing Hong

Non-executive Directors

Ms. Hu Xiaoling
Mr. Zhu Jia

Independent Non-executive Directors

Mr. Poon Chiu Kwok
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

JOINT COMPANY SECRETARIES

Mr. Huang Shuping
Ms. Mok Ming Wai
(appointed with effect from 9 October 2013)

AUTHORIZED REPRESENTATIVES

Mr. Wang Mengde
Ms. Mok Ming Wai
(appointed with effect from 9 October 2013)

AUDIT COMMITTEE

Mr. Poon Chiu Kwok *(Chairman)*
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

REMUNERATION COMMITTEE

Mr. Poon Chiu Kwok *(Chairman)*
Mr. Sun Hongbin
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

NOMINATION COMMITTEE

Mr. Sun Hongbin *(Chairman)*
Mr. Poon Chiu Kwok
Mr. Li Qin
Mr. Ma Lishan

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

10/F, Building C7, Magnetic Plaza
Binshuixi Road, Nankai District
Tianjin 300381
PRC

REGISTERED OFFICE

Landmark Square
3rd Floor
64 Earth Close
P.O. Box 30592
Grand Cayman KY1-1203
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Corporate Information

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

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
Jincheng Tongda & Neal Law Firm

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Agricultural Bank of China
Bank of China

STOCK CODE

1918

COMPANY'S WEBSITE

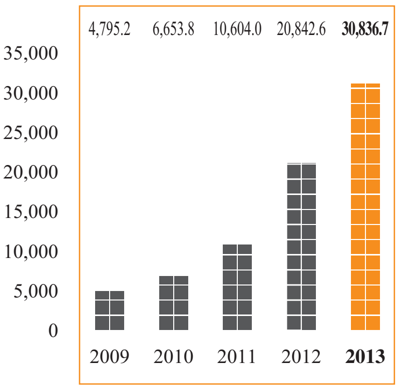
www.sunac.com.cn

Financial Summary

CONSOLIDATED RESULTS

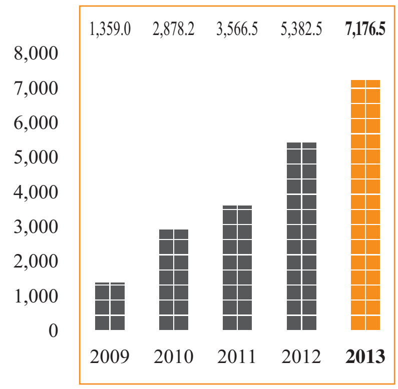
	2013	2012	2011	2010	2009
Revenue (RMB million)	30,836.7	20,842.6	10,604.0	6,653.8	4,795.2
Gross profit (RMB million)	7,176.5	5,382.5	3,566.5	2,878.2	1,359.0
Gross margin (%)	23.3%	25.8%	33.6%	43.3%	28.3%
Profit for the year (RMB million)	3,493.8	2,614.7	2,383.1	1,541.0	871.0
Profit attributable to owners of the Company (RMB million)	3,178.4	2,607.3	2,356.2	1,542.2	825.1
Cash and cash equivalents (including restricted cash) (RMB million)	16,008.7	12,262.7	3,867.1	4,249.0	1,936.0

Revenue



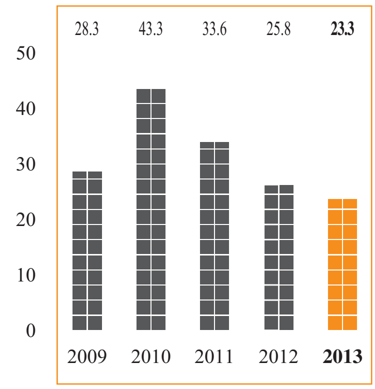
RMB million

Gross Profit



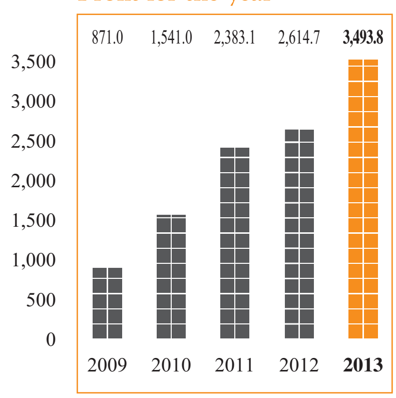
RMB million

Gross Margin



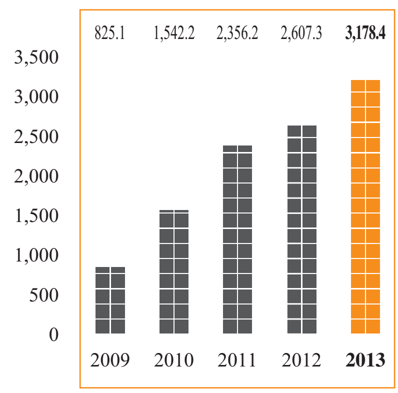
%

Profit for the year



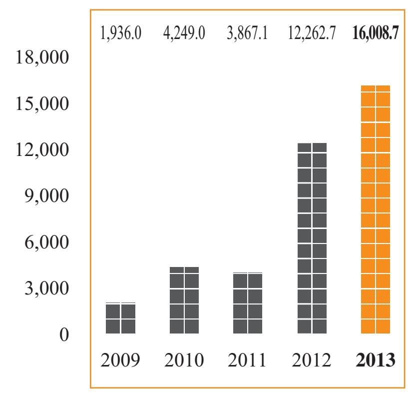
RMB million

Profit Attributable to owners of the Company



RMB million

Cash and Cash Equivalents (including restricted cash)



RMB million

Chairman's Statement

Dear Shareholders,

2013 is our 10th Anniversary. As in the past, the Company hereby presents to you the satisfactory results exceeding the various operating targets set for 2013. Most importantly, satisfactory outcome was obtained for the further consolidation of its advantageous position in the focused first tier and second tier core cities, the on-going optimization of the Company's capabilities in premium land acquisition and the product system of premium quality and high inventory turnover and further enhancement of the financial institution credit, which laid a solid foundation for the persistent and healthy development of the Company in future.

Excellent Achievement of Various Operating Targets and Further Consolidation of Leading Position in Focused Cities

In 2013, the Company's operation had outstanding performance: The core profit reached RMB3.523 billion representing an increase of 28.8% from 2012 with on-going optimization of the debt structure and continuous decline in financing cost. The net gearing ratio also dropped significantly to 69.7%. The Company's sales maintained the rapid and stable growth to achieve the contract sales amounting to RMB54.7 billion exceeding the target for the whole year. The ranking of sales scale in the PRC real estate industry also maintained its rise trend for consecutive years to No. 11 in 2013 from No.12 in 2012. In addition to the Company's excellent overall results, its leading position in the focused cities was also consolidated and upgraded: No. 1 in terms of the sales of commercial residential buildings in Beijing; No. 1 in terms of the property developers' sales for three consecutive years in Tianjin; No. 3 in in terms of the property developers' sales in Shanghai; No. 2 in terms of the property developers' sales in Chongqing; No. 1 in terms of the property developers' sales for three consecutive years in Wuxi. Big property developers gathered in these cities which were their focus of contention subject to extremely intensified competition. The excellent results secured by the Company have further realized the on-going enhancement of its competition advantage.

Perfect Development Control System in Support of the Company's Acquisition of Premium Land Reserves

In 2013, as a result of the on-going differentiation of the real estate market, many counterparts began to re-examine the regional layout. The return to the first tier and second tier cities has become the industry consensus. The competition in the land market of the first tier and second tier cities subject to the long-lasting in-depth exploration of the Company has become keener, with an obvious price increase. Under such circumstances, the Company on the premise of ensuring the safe cash flow and the controllable gearing ratio has studied and decided on 340 projects available for selection. After prudent selection, the Company has obtained 19 parcels of premium land in compliance with its strategy resulting in the addition of more than 9 million sq. m. of land reserves. These parcels of land were located in the five regions, that is, Beijing, Tianjin, Shanghai, Chongqing and Hangzhou where the Company conducted in-depth exploration. Though the land markets in these cities were in heated competition, the Company, by virtue of its predominance of having focused in-depth exploration in these cities and the systematic workflow of land acquisition and the decision-making mechanism, has managed to ensure the premium quality and reasonable prices of the land acquired. Meanwhile, the advantageous position of the Company in these cities also attracted many substantial cooperation partners to have joint investment with the Company in new projects, which drastically reduced the Company's capital expenditure on land. While focusing on the current cities in the acquisition of land, the Company has also conducted the in-depth study of new cities with potentials to make sufficient preparation for future development.

Persistently Upgrading the Capability of Creating Products Featuring Premium Quality and High Inventory Turnover

The Company has all along emphasized the enhancement of product quality, and, in line with insisting on the continuous enhancement of product quality, required that the product must comply with the requirements of the local clients and the project must be operated at high efficiency in order to assure the fulfilment of high inventory turnover. The Company has already possessed the optimal system for the operation, management and decision-making of the projects, and the capability of research and development in support of the products featuring premium quality and high inventory turnover. In 2013, the Company implemented a lot of work to further enhance its system capability of creating the products with premium quality and high inventory turnover, including the availability of diversified product lines with high-precision positioning for the targeted clients, the launch of the comprehensive implementation of the third party's quality assessment and the survey on the level of the client's satisfaction, coupled with the inclusion of the outcome in the appraisal system. In 2013, the Company promoted several premium quality projects highly acclaimed by the clients in the market of each city, which assured the fulfilment of its sales target, and also further enhanced its reputation amidst its clients.

Obvious Enhancement of the Company's Credit Standing with Strategic Support from Financial Institutions

In 2013, following the on-going differentiation of the performance in the real estate market, the differentiation also existed in the financial institution's support for the enterprises. Though the overall financing environment was comparatively tense, the financial institutions did not reduce their support for good cities, good companies and good projects. The on-going influx of credit funds to the premium resources has become the trend. The predominance of the Company's excellent results and regional focus strategy has enabled the Company to make breakthrough in its financing capability. With the Company's on-going credit enhancement, the number of financial institutions offering accreditation and support was on the rise, coupled with the establishment of headquarters to headquarters and cooperation relationship with numerous banks. It provides assurance of the financing line of the Company under the comparatively tense situation of its funds on the whole and the decrease in the financing cost. In addition, the Company also completed a financing deal of foreign syndicated loans in 2013, which further explored the overseas low cost financing channel for the Company.

Chairman's Statement

Outlook for 2014

In 2014, the PRC economy confronted with numerous difficulties and uncertainties. However, the Company is of the opinion that following the continuous launch of reform measures by the new government, the overall economy is still capable of maintaining the comparatively stable growth. Despite the likely decrease of the growth rate, the government's increasing concern with the quality of the economic growth and the efforts made will be more favorable to the long term healthy and on-going stable growth of the PRC economy. The Company considers it very difficult to maintain the growth momentum in the real estate market of the previous year in 2014. However the cities and regional markets with good demand and supply relationship will remain stable and healthy. The market differentiation will be aggravated further. The level of industry concentration will continue to rise. The medium and large developers with good brands, good products and reasonable layout will have better chance of development.

2014 is the beginning of the second decade of the Company. The accumulation in the past decade has provided us with the foundation and numerous strongholds of maintaining healthy development and on-going advancement. In 2014, we will continue to insist on the Company's development strategy of regional focus and the in-depth exploration of the current cities while prudently selecting several new cities and further optimizing the regional layout. We will continue to insist on the Company's high-end quality strategy and the production of high-end quality products in line with the local market. We will insist on the operation mode of high inventory turnover, persist on the high inventory turnover with quality, profit and safe cash flow, and insist on supporting the high inventory turnover with quality, product capability, service quality and clients' acclamation, in order to create the business and decision-making system in support of high inventory turnover.

Sunac China Holdings Limited
Sun Hongbin
Chairman of the Board

24 March 2014

Business Review and Outlook

Business Highlights

Summary of Principal Properties

In 2013, the Group has engaged in a total of 59 property development projects. The following table sets forth certain details of the Group's projects based on actual data or estimates of the Group and associated project companies as of 31 December 2013 unless otherwise noted.

Project Summary as of 31 December 2013

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Sunac Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	460,840	1,247,860	1,188,944	100%	December 2014
Sunac Mind-land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	809,386	749,249	100%	Completed in December 2012
Sunac Central of Glorious	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties and car parks	14,608	64,738	64,151	100%	Completed in October 2012
Sunac Joy Downdown	Tianjin	Retail properties	25,234	56,615	55,960	100%	Completed in June 2006
Sunac PL Du Pantheon	Tianjin	High-rise apartments, detached villas, retail properties and car parks	70,600	244,491	227,188	100%	December 2014
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	303,037	300,687	100%	Completed in December 2013
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,425	694,081	694,081	100%	December 2017
Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	386,046	385,029	49%	November 2016
Dream of Mansion	Tianjin	Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	115,810	241,760	222,879	50%	October 2016
Yongji Phase 2	Tianjin	High-rise apartments, retail properties, offices and car parks	15,742	79,702	79,702	47%	December 2016
R3 Project	Tianjin	Retail properties, offices, serviced apartments and car parks	121,214	471,288	471,288	47%	June 2018
River and Sea	Tianjin	High-rise apartments, retail properties and car parks	59,660	283,474	282,563	47%	September 2017
Azure Coast	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,687	192,465	40%	December 2018

Project Summary as of 31 December 2013

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Bay and Island	Tianjin	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	250,759	613,773	607,368	54%	April 2018
Tiantuo Project	Tianjin	High-rise apartments, retail properties, offices and car parks	370,698	1,466,786	1,402,565	51%	September 2019
Sunac Top Mansion of the Dongting	Tianjin	High-rise apartments, retail properties and car parks	109,537	262,991	262,967	100%	December 2015
Watch Factory Project	Tianjin	Mid-rise apartments, detached villas and car parks	60,088	107,255	83,875	51%	December 2015
Sunac East Fairy Land	Beijing	High-rise apartments, retail properties and car parks	54,502	166,481	144,276	100%	Completed in November 2010
Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	447,803	337,829	100%	Completed in June 2013
Sunac Long Beach Mansion	Beijing	Mid-rise apartments, retail properties and car parks	63,940	133,956	104,289	100%	Completed in December 2013
Yaao Jinmao Residence	Beijing	High-rise apartments, retail properties and car parks	84,684	266,678	144,557	49%	September 2014
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	137,757	100,251	49%	June 2015
Fontainebleau Chateau	Beijing	High-rise and mid-rise apartments, retail properties and car parks	131,629	399,378	337,728	50%	August 2015
Yizhuang New Project	Beijing	High-rise and mid-rise apartments, townhouses, detached villas and car parks	183,495	479,050	281,145	51%	December 2015
Nongzhanguan Project	Beijing	Mid-rise apartments and car parks	25,209	100,297	58,560	51%	October 2016
Mentougou Project	Beijing	High-rise apartments, retail properties, serviced apartments and car parks	101,831	496,739	340,712	33%	December 2015
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, serviced apartments and car parks	1,713,640	2,637,141	2,071,097	100%	June 2015
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	179,204	404,086	303,940	100%	December 2014

Project Summary as of 31 December 2013

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Sunac Guardian Manor	Chongqing	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	159,793	534,506	444,761	100%	December 2015
Jardins de Versailles	Chongqing	High-rise apartments, townhouses, detached villas, retail properties and car parks	397,844	1,358,517	1,166,917	80%	December 2017
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, serviced apartments, retail properties, offices and car parks	118,912	754,431	619,859	100%	December 2014
Sunac The European Garden for City-West	Chongqing	High-rise and mid-rise apartments, townhouses, serviced apartments, retail properties and car parks	469,927	1,248,678	1,089,097	100%	December 2017
Sunac Powpre Fontainebleau	Chongqing	Townhouses, detached villas and retail properties	147,400	73,663	70,442	100%	December 2015
Kaixuanlu Project	Chongqing	High-rise apartments, retail properties, serviced apartments and car parks	75,258	436,376	362,867	51%	December 2016
European Garden for City-East	Chongqing	High-rise apartments, townhouses, detached villas, retail properties, serviced apartments and car parks	813,401	2,096,456	1,825,639	51%	December 2020
Wuxi Lihu Camphora Garden	Wuxi	High-rise apartments, detached villas, retail properties and car parks	203,070	706,525	640,733	51%	June 2019
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	706,889	1,392,554	1,288,172	100%	June 2015
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	555,861	1,063,172	873,799	100%	December 2015
Sunac 81	Suzhou	Townhouses, detached villas, retail properties	133,434	100,340	82,607	100%	Completed in December 2012
Sunac Royal Garden	Yixing	High-rise apartments, detached villas, townhouses, retail properties and car parks	243,369	436,155	374,781	100%	December 2015
Melodious Manor	Hangzhou	Mid-rise apartments, townhouses and car parks	59,360	123,527	103,978	75%	December 2014

Project Summary as of 31 December 2013

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Wonderful Mansion	Hangzhou	High-rise apartments, retail properties and car parks	20,480	89,252	58,847	50%	December 2015
Zhijiang River Holiday Village Project	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	58,184	262,717	227,071	49%	December 2016
Zhijiang Yihao	Hangzhou	High-rise apartments, retail properties and car parks	214,202	524,512	454,768	25%	March 2016
Yuntai Centre	Hangzhou	Retail properties, offices, serviced apartments and car parks	10,418	156,082	108,274	60%	June 2016
Dynasty on the Bund	Shanghai	High-rise apartments, retail properties, offices and car parks	105,045	632,466	631,249	50%	July 2017
Shanghai Yulan Garden	Shanghai	High-rise and mid-rise apartments and car parks	58,163	120,063	116,739	50%	Completed in June 2013
Bund House	Shanghai	High-rise apartments and car parks	65,758	352,671	226,001	26%	November 2018
Shanghai Rose Garden	Shanghai	Detached villas	803,353	240,040	144,971	50%	December 2014
Shanghai Yulan Garden – Glorious Garden	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	72,803	162,914	147,356	25%	June 2015
Wujiefang Project	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	60,206	111,182	67,568	25%	December 2015
Shanghai Majestic Mansion	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	75,091	167,693	120,637	25%	November 2015
Hongkou Project	Shanghai	Retail properties, serviced apartments and car parks	10,239	57,547	52,460	26%	June 2016
Central garden	Shanghai	High-rise apartments, retail properties, serviced apartments, offices and car parks	211,626	590,410	490,686	30%	January 2018
Wuxi Yulan Garden	Wuxi	High-rise apartments, retail properties and car parks	180,826	569,551	543,583	43%	September 2015
Wuxi Yulan Garden West	Wuxi	High-rise apartments, retail properties and car parks	171,572	549,968	491,965	20%	October 2018
Suzhou Taohuayuan	Suzhou	Detached villas	213,852	263,582	126,430	28%	September 2017
Majestic Mansion	Suzhou	Mid-rise apartments, detached villas	155,664	218,340	121,172	50%	Completed in November 2013
Changzhou Yulan Square	Changzhou	High-rise apartments, retail properties and car parks	413,252	1,397,343	1,318,830	49%	December 2017
		Total	**12,459,272**	**30,003,570**	**25,887,605**		

As at 31 December 2013, the Group's land bank was approximately 21.12 million sq.m., among which, attributable land bank was approximately 12.92 million sq.m..

Completed Properties for the year ended 31 December 2013

Project	Location	Aggregate GFA (sq.m.)	Saleable rentable GFA (sq.m.)	Unsold/held for rental aggregate GFA (sq.m.)	Saleable/ rentable GFA unsold/ held for rental (sq.m.)
Sunac Magnetic Capital	Tianjin	1,142,825	1,083,699	112,169	106,366
Sunac Mind-Land International	Tianjin	809,386	749,249	25,906	23,981
Sunac Central of Glorious	Tianjin	64,738	64,151	137	136
Sunac Joy Downtown	Tianjin	56,615	55,960	180	178
Sunac PL Du Pantheon	Tianjin	63,120	57,992	29,510	27,113
Sunac Glorious Mansion	Tianjin	303,037	300,687	201,512	199,949
Sunac Central Academy	Tianjin	207,034	207,034	29,825	29,825
Dream of Mansion	Tianjin	26,014	22,579	18,231	15,824
River and Sea	Tianjin	93,738	94,364	18,584	18,708
Sunac East Fairyland	Beijing	166,481	144,276	0	0
Sunac West Chateau	Beijing	447,803	337,829	73,811	55,684
Sunac Long Beach Mansion	Beijing	133,956	104,289	0	0
Sunac Olympic Garden	Chongqing	2,167,586	1,720,267	95,582	75,857
Sunac Eton Manor	Chongqing	257,399	207,538	25,155	20,282
Sunac Asia Pacific Enterprise Valley	Chongqing	609,766	490,146	52,211	41,968
Wuxi Lihu Camphrora Garden	Wuxi	173,051	129,595	82,644	61,891
Sunac Swan Lake	Wuxi	1,309,436	1,213,501	295,156	273,531
Sunac Dream of City	Wuxi	745,696	621,739	53,307	44,446
Sunac 81	Suzhou	100,340	82,607	3,113	2,563
Sunac Royal Garden	Yixing	298,303	252,886	94,067	79,745
Zhijiang Yihao	Hangzhou	136,964	118,748	104,773	90,838
Dynasty on the Bund	Shanghai	203,826	203,826	175,207	175,207
Shanghai Yulan Garden	Shanghai	120,063	116,739	21,686	21,086
Bund House	Shanghai	86,249	57,250	5,044	3,348
Shanghai Rose Garden	Shanghai	204,687	122,808	46,627	27,975
Central garden	Shanghai	111,426	101,605	11,819	10,777
Wuxi Yulan Garden	Wuxi	448,311	429,823	113,168	108,501
Majestic Mansion	Suzhou	218,340	121,172	138,125	76,655
	Total	**10,706,192**	**9,212,357**	**1,827,548**	**1,592,434**

Properties under Development as of 31 December 2013

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA unsold/held for rental (sq.m.)
Sunac Magnetic Capital	Tianjin	105,035	105,245	46,458
Sunac PL Du Pantheon	Tianjin	181,371	169,196	102,818
Sunac Central Academy	Tianjin	198,465	198,465	92,108
Horizon Capital	Tianjin	218,428	217,410	95,433
Dream of Mansion	Tianjin	91,354	83,649	77,988
Tianjin Azure Coast	Tianjin	106,486	94,679	94,679
Top Mansion of the Dongting	Tianjin	262,991	262,967	208,945
Yaao Jinmao Residence	Beijing	198,333	143,919	63,111
Wangjing Jinmao Palace	Beijing	124,857	90,451	54,359
Fontainebleau Chateau	Beijing	138,305	119,002	60,970
Sunac Olympic Garden	Chongqing	450,856	332,858	260,983
Sunac Eton Manor	Chongqing	146,687	96,403	17,964
Sunac Guardian Manor	Chongqing	448,064	379,497	233,570
Jardins de Versailles	Chongqing	365,317	322,264	217,868
Sunac Asia Pacific Enterprise Valley	Chongqing	144,665	129,713	102,894
Wuxi Lihu Camphora Garden	Wuxi	323,687	305,573	242,421
Sunac Swan Lake	Wuxi	83,119	74,671	45,247
Sunac Dream of City	Wuxi	144,195	135,647	29,495
Sunac Royal Garden	Yixing	137,852	121,895	80,199
Melodious Manor	Hangzhou	123,527	103,978	61,357
Wonderful Mansion	Hangzhou	89,252	58,847	41,444
Zhijiang River Holiday Village Project	Hangzhou	126,459	116,373	88,351
Yuntai Centre	Hangzhou	156,082	108,274	108,274
Bund House	Shanghai	49,732	27,513	27,513
Shanghai Rose Garden	Shanghai	35,353	22,163	12,595
Shanghai Yulan Garden – Glorious Garden	Shanghai	162,914	147,356	92,240
Shanghai Majestic Mansion	Shanghai	167,693	120,637	94,420
Central garden	Shanghai	225,127	209,013	110,123
Wuxi Yulan Garden	Wuxi	121,240	113,760	107,626
Wuxi Yulan Garden West	Wuxi	360,394	330,265	268,203
Suzhou Taohuayuan	Suzhou	99,079	40,651	29,544
Changzhou Yulan Square	Changzhou	548,204	511,153	311,680
	Total	**6,135,124**	**5,293,488**	**3,480,881**

Properties to be Constructed as of 31 December 2013

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Sunac Central Academy	Tianjin	288,581	288,581
Horizon Capital	Tianjin	167,618	167,618
Dream of Mansion	Tianjin	124,392	116,651
Yongji Phase 2	Tianjin	79,702	79,702
R3 Project	Tianjin	471,288	471,288
River and Sea	Tianjin	189,736	188,199
Tianjin Azure Coast	Tianjin	103,201	97,786
Bay and Island	Tianjin	613,773	607,368
Tiantuo Project	Tianjin	1,466,786	1,402,565
Watch Factory Project	Tianjin	107,255	83,875
Yaao Jinmao Residence	Beijing	68,345	638
Wangjing Jinmao Palace	Beijing	12,900	9,800
Fontainebleau Chateau	Beijing	261,073	218,726
Yizhuang New Project	Beijing	479,050	281,145
Nongzhanguan Project	Beijing	100,297	58,560
Mentougou Project	Beijing	496,739	340,712
Sunac Olympic Garden	Chongqing	18,698	17,972
Sunac Guardian Manor	Chongqing	86,442	65,264
Jardins de Versailles	Chongqing	993,200	844,654
Sunac The European Garden for City – West	Chongqing	1,248,678	1,089,097
Powpre Fontainebleau	Chongqing	73,663	70,442
Chongqing Kaixuanlu Project	Chongqing	436,376	362,867
European Garden for City – East	Chongqing	2,096,456	1,825,639
Wuxi Lihu Camphora Garden	Wuxi	209,786	205,566
Sunac Dream of City	Wuxi	173,281	116,414
Zhijiang River Holiday Village Project	Hangzhou	136,258	110,698
Zhijiang Yihao	Hangzhou	387,548	336,020
Dynasty on the Bund	Shanghai	428,639	427,423
Bund House	Shanghai	216,690	141,238
Wujiefang Project	Shanghai	111,182	67,568
Hongkou Project	Shanghai	57,547	52,460
Central garden	Shanghai	253,857	180,068
Wuxi Yulan Garden West	Wuxi	189,574	161,700
Suzhou Taohuayuan	Suzhou	164,503	85,779
Changzhou Yulan Square	Changzhou	849,139	807,677
	Total	**13,162,255**	**11,381,761**

Business Review and Outlook

Review of 2013

The PRC economic growth rate slowed down in 2013. However, the new government did not launch the "Economic-stimulus Plan" but continued to adopt the proactive fiscal policy and the prudent monetary policy, coupled with the continuous improvement of the macro-economic policy framework system and the concept of regulation and control, as well as the introduction of the reform measures, so as to promote the sustainable, steady and healthy development of the economy and realise the overall concept of the quality of economic growth and long-term healthy development focused by the new government.

In 2013, the government did not make any material adjustment of the regulation and control policy on the real estate industry but basically continued to implement the relatively strict policy adopted in the past. However, the approach of allowing the market to give further play has become more obvious. Less administrative intervention will be more favorable to the healthy development of the industry. The overall real estate market was active in 2013, with remarkable differentiation and integration in the industry. Market centralization continued to intensify. More enterprises reviewed again their city layout and the return to the first and second tier cities became the main stream, which intensified competition for the land in the core urban area.

The market trend proved the perspectiveness of the development strategy persisted by the Company. With its focus on the long term development in the first and second tier cities, the Company has remarkable advantages in those cities. In 2013, the Company continued to have excellent performance as in the past, with the sales amount of RMB54,730.82 million exceeding the target for the whole year and its ranking raised to No. 11 in the industry. The core profit reached RMB3,522.7 million, representing an increase of 28.8% compared with the corresponding period in 2012. Under the keen competition of the core urban land market, the Company, under prudent judgment and strict adherence to disciplines, acquired 19 parcels of premium land in five regions where had been developed by the Company in accordance with the standard and development strategy of the Company. Meanwhile, the Company also achieved continuous improvements in capital structure, the debt structure and decrease of the financing cost. The net debt level also dropped significantly to 69.7%. 2013 marked the tenth anniversary of the Company. In the past decade, in virtue of its long-term adherence to the regional focus and high-end premium development strategy, in-depth understanding of the operation risks and system management as well as highly effective execution capabilities of the team, the Company secured prudent and rapid growth with progressive strengthening in its position in the industry and strengthened its stronghold and power for healthy development in future.

Land Acquisition

The intensified competition in the land market of the first and second tier cities resulted in the continuous rise of land prices in 2013. By means of strict adherence to disciplines, and on the premise of ensuring safe cash flow and the level of debt ratio under control, the Company carefully selected to acquire 19 parcels of premium land in five regions, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou, where had been developed by the Company, in compliance with its standard and development strategy, leading to an increase of 9.57 million sq.m. to its land bank and 5.45 million sq.m. to its attributable land bank. The acquisition of these parcels of land will further consolidate its advantageous position in the regions developed by the Company, and make available sufficient land bank for its future development. With the focus on land acquisition in the existing cities, the Company also conducted in-depth research for new cities with potentials at the same time in order to make sufficient preparation for future expansion.

Furthermore, in virtue of its advantageous position in the focus regions and the spirit of open cooperation, the Company has been acclaimed by many powerful counterparts in the industry. In addition to the existing cooperation partners, including Greentown China Holdings Limited, China GeZhouBa Group Real Estate Co., Ltd. and Franshion Properties (China) Limited, the Company also cooperated in 2013 with its new cooperation partners, including Shimao Property Holdings Limited, Tianjin Realty Development Group Co., Ltd., Beijing Uni-Construction Real Estate Development Co., Ltd., Hangzhou Urban Construction and Development Group Co., Ltd., Geely Group Limited and Sichuan Blue Ray Industry Corporation for joint acquisition of land and to give full play of their respective strengths for project development cooperation.

Land Acquisition in 2013

Serial No.	City	Project	Acquisition Date	Acquisition Method	Land Bank (sq. m.)	Interest of the Company
1	Tianjin	Bay and Island	June 2013	Listing for sale	613,773	54%
2		Top Mansion of the Dongting Project	July 2013	Acquisition	262,991	100%
3		Tiantuo Project	September 2013	Listing for sale	1,466,786	51%
4		Watch Factory Project	November 2013	Listing for sale	107,255	51%
			Tianjin Sub-total		**2,450,805**	
5	Beijing	Yizhuang New Project	August 2013	Listing for sale	479,050	51%
6		Nongzhanguan Project	September 2013	Listing for sale	100,297	51%
7		Mentougou Project	December 2013	Tender	496,739	33%
			Beijing Sub-total		**1,076,086**	
8	Shanghai	Dynasty on the Bund	May 2013	Acquisition	619,348	50%
9		Hongkou Land	July 2013	Listing for sale	57,547	26%
10		Central Garden	August 2013	Acquisition	490,803	30%
			Shanghai Sub-total		**1,167,698**	
11	Chongqing	The European Garden for City-West Phase I	July 2013	Listing for sale	377,361	100%
12		The European Garden for City-West Phase II	August 2013	Listing for sale	871,317	100%
13		Powpre Fontainebleau	September 2013	Listing for sale	73,663	100%
14		Kaixuanlu Project	December 2013	Listing for sale	436,376	51%
15		The European Garden for City-East	December 2013	Listing for sale	2,096,456	51%
			Chongqing Sub-total		**3,855,173**	
16	Hangzhou	Zhijiang Yihao	March 2013	Acquisition	513,162	25%
17		Zhijiang River Holiday Village Project	March 2013	Acquisition	262,717	49%
18		Wonderful Mansion	March 2013	Acquisition	89,252	50%
19		Yuntai Center project	August 2013	Acquisition	156,082	60%
			Hangzhou Sub-total		**1,021,213**	
			Total		**9,570,975**	

Business Review and Outlook

Operating revenue and profit highlight

In 2013, the revenue and profit of the Company increased significantly as compared with the corresponding period in 2012, of which, the revenue increased by RMB9,994.1 million as compared with the corresponding period of last year to RMB30,836.7 million and the profit increased by RMB879.1 million as compared with the corresponding period of last year to RMB3,493.8 million.

Sales highlights

In 2013, the Company, through adherence to strategy of focusing on regional development and pursuing high-end property, over-fulfilled its planned objectives for 2013. The Group's sales amount was RMB54,730.82 million for 2013. Selling expenses and administrative expenses were also maintained at reasonable levels. The Company believes all of its projects are located in premium locations of various cities and occupy rare resources. With clear positioning and targeting at high-income customer groups in the cities, the Company would be able to implement its sales plan.

Outlook for 2014

In 2014, despite of various difficulties and uncertainties of the PRC economy, with the continuous introduction of a series of reform measures by the new government, the Company believes that the growth of the overall economy will remain steady. Although the growth rate may decline, the government's high concern on the growth quality will be favourable to the long term healthy and continuous growth of the economy. In respect of the policy in the real estate industry, various signs shown in 2013 indicated that the trend of the policy was consistent with the long term judgment of the Company. The Company believes that the overall concept of "market belongs to market and protection belongs to protection" on regulation and control will be gradually implemented within the next few years. Overall speaking, the continuous improvement of the policy on regulation and control will be favorable to the long term healthy development of the industry.

The Company believes that the real estate market in 2014 will be difficult to remain the growth rate of last year. The market differentiation will be further intensified. Cities and regional districts with unbalanced supply and demand will face greater pressure. The financial institutions will continue to differentiate their support to enterprises. The capital will be continued to concentrate on good cities, good enterprises and projects. Differentiation and integration is the key to the maturity of the real estate industry. The medium and large developers with good brands, good products and reasonable layout will have better development opportunities.

2014 is the beginning of the second decade of the Company. The Company will persist its regional focus strategy and consolidate its advantageous position in the existing cities where it has previously entered and developed. At the same time, the Company will continue to seek opportunities to enter the new cities in a prudent manner. The Company will further optimize its regional layout and expand to new areas for long term growth. In 2014, in addition to the close watch of the land offer on the open market, the Company will focus the opportunities of mergers and acquisitions in particular. The Company believes that differentiation and integration of the industry will create more and better opportunities.

The Company expects to launch 15 new projects in the market in 2014. By that time, the number of the Company's major properties for sale will be over 51. Most of these projects are located in the first and second tier core cites and core districts with good balance of supply and demand. Sufficient and quality inventories are the strong guarantee to fulfil the sales target of the whole year.

Business Review and Outlook

In 2014, the Company will persist its usual prudent strategy on cash flow management to ensure its safe cash flow, enhance its risk resistance capacity, at the same time, further improve its financing structure and lower its overall financing costs.

In 2014, with the increasing number of its project and expansion in scale, the Company will place emphasis on building up its management and operation capabilities as usual. The Company will continue to enhance its reserves of quality staff and optimize its management system as well as build up a business scale and decision system to support high inventory turnover. With its land acquisition quality, product capability, quality service and customer reputation, the Company will continue to enhance its profitability with healthy development.

Financial Review

Revenue

Revenue of the Group for the year ended 31 December 2013 was substantially generated from sales of residential and commercial properties. Only a minor portion of the Group's revenue was derived from the income from property management services business and rental of investment properties located in Tianjin.

For the year ended 31 December 2013, the Group remained focusing on the development of real estate properties in five main regions of the PRC, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou, and continued to deliver a solid performance, achieving satisfactory growth in its core businesses.

Revenue of the Group for the year ended 31 December 2013 amounted to RMB30,836.7 million, which has an increase by 48.0% comparing with the total revenue of RMB20,842.6 million for the year ended 31 December 2012.

The following table sets forth certain details of the revenues:

	For the year ended December 31			
	2013		2012	
	RMB'000	**%**	*RMB'000*	%
Sales of properties	**30,572,525**	**99.15**	20,654,358	99.10
Property management service income	**232,496**	**0.75**	171,377	0.82
Rental income from investment properties	**31,693**	**0.10**	16,857	0.08
Total	**30,836,714**	**100.0**	20,842,592	100.0
Total gross floor area ("GFA") delivered (square meters "sq.m.")	**1,745,326**		1,193,651	
Average selling prices ("ASP") sold (RMB per sq.m.)	**17,517**		17,304	

The revenue from the sales of properties increased by RMB9,918.2 million for the year ended 31 December 2013, or 48.0%, as compared with that for the year ended 31 December 2012, which was primarily due to the increase of RMB7,027.5 million from the revenue of the delivered properties of newly completed projects from Sunac PL Du Pantheon, Sunac Glorious Mansion, Sunac Eton Manor and Sunac Greentown Suzhou Majestic Garden in 2013 and RMB1,727.8 million from the revenue of the delivered properties from Dynasty on the Bund acquired in 2013.

Cost of sales

Cost of sales comprises of the costs that the Group incurred in relation to its direct development activities for the properties delivered, as well as costs for property management operations and leasing.

For the year ended 31 December 2013, cost of sales of the Group amounted to RMB23,660.2 million, representing an increase of RMB8,200.1 million, or 53.0%, as compared with that of RMB15,460.1 million for the year ended 31 December 2012, which was primarily due to the following:

(i) the GFA delivered for the year ended 31 December 2013 increased by 551,675 sq.m. as compared with that for the year ended 31 December 2012. Overall, cost of sales increased in line with the increase of sales revenue; and

(ii) the proportion of the delivered properties for the year ended 31 December 2013 which were remeasured at fair value due to the impact of the acquisition of property projects increased as compared with that for the year ended 31 December 2012. Cost of sales included RMB2,494.1 million for the year ended 31 December 2013 and RMB1,722.6 million for the year ended 31 December 2012 related to the valuation surplus of the properties acquired.

Gross margin

For the year ended 31 December 2013, the gross profit of the Group amounted to RMB7,176.5 million, or an increase of 33.3% as compared with RMB5,382.5 million of last year. Gross margin was 23.3% for the year ended 31 December 2013 as compared with that of 25.8% for the year ended 31 December 2012, mainly due to the following:

(i) the revenue of the delivered properties from the projects acquired by the Group in 2012 from Greentown Real Estate Group Co., Ltd. ("Sunac Greentown Projects") accounted for 22.1% of the total revenue recorded for the year ended 31 December 2013 with the gross margin at only 7.0%. Excluding Sunac Greentown Projects, the gross margin of the Group's other projects for the year ended 31 December 2013 was 27.9%;

(ii) the delivered properties for the year ended 31 December 2013 was affected by remeasurement of fair value due to the impact of the acquisition of property projects. Excluding the impact of remeasurement of fair value, the Group's gross margin was 31.4%; and

(iii) excluding the impact of the aforementioned items (i) and (ii), the Group's gross margin was 37.2% for the year ended 31 December 2013.

Selling and marketing costs and administrative expenses

Selling and marketing costs of the Group rose to RMB615.5 million for the year ended 31 December 2013 from RMB530.0 million for the year ended 31 December 2012.

Administrative expenses of the Group increased to RMB520.1 million for the year ended 31 December 2013 from RMB354.5 million for the year ended 31 December 2012.

The changes in selling and marketing costs and administrative expenses were primarily due to the increase of sales amount and the quantity of projects newly acquired and launched for the year ended 31 December 2013.

Other income and gains

The Group's other income and gains decreased by RMB88.7 million from RMB311.2 million for the year ended 31 December 2012 to RMB222.5 million for the year ended 31 December 2013, which was primarily due to the decrease of the gain from business combination and acquisition of joint ventures and associates.

Other expenses

The Group's other expenses increased by RMB143.6 million from RMB1.9 million for the year ended 31 December 2012 to RMB145.5 million for the year ended 31 December 2013, which was primarily due to the increase of RMB124.2 million in impairment provision for goodwill.

Operating profit

As a result of the sectors analyzed above, the Group's operating profit increased by RMB1,310.8 million from RMB4,807.2 million for the year ended 31 December 2012 to RMB6,118.0 million for the year ended 31 December 2013, which was primarily due to

(i) an increase of RMB1,794.1 million in gross profit;

(ii) a decrease of RMB88.7 million in other income and gains and an increase of RMB143.6 million in other expense;

(iii) an increase of RMB251.0 million in operating expenses.

Finance costs

The Group's finance costs increased to RMB580.3 million for the year ended 31 December 2013 from RMB113.1 million for the year ended 31 December 2012 and the capitalized interest increased to RMB1,947.6 million for the year ended 31 December 2013 from RMB1,717.4 million for the year ended 31 December 2012. It was mainly attributable to an increase in interest expenses on the Group's total borrowings from RMB1,817.3 million for the year ended 31 December 2012 to RMB2,559.9 million for the year ended 31 December 2013. This increase was due primarily to the increase of borrowings to finance the Group's expanded property development activities for the year ended 31 December 2013.

The Group realised the continued decline in weighted-average effective interest rate through continued optimisation of the debt structure, control of the refinance costs and the replacement of the existing high cost borrowings. The Group's weighted-average effective interest rate of newly increased borrowings dropped to 8.3% for the year ended 31 December 2013.

Share of profit/(loss) of investments accounted for using equity method, net

For the year ended 31 December 2013, the Group recorded a share of profit of RMB72.2 million from investments accounted for using equity method, compared to a share of loss of RMB38.8 million for the year ended 31 December 2012. This change was mainly attributable to the significant increase of profit from Shanghai Greentown Woods Golf Villa Development Co., Ltd., an associate of the Group, since a gain of RMB268.0 million attributable to the Group from the acquisition of Zhejiang Jinying Realty Co., Ltd. was recognised. Such increase of profit was partially offset by the increase of RMB88.1 million from a share of losses of joint ventures which were primarily due to the increase of the quantity of joint ventures which had not yet commenced recording the revenue.

Income tax expenses

Income tax expenses represent current and deferred PRC corporate income tax ("CIT") and land appreciation tax ("LAT") made by the Group's PRC subsidiaries. Income tax expenses of the Group amounted to RMB2,190.6 million for the year ended 31 December 2013 from RMB2,069.8 million for the year ended 31 December 2012, which was primarily attributable to the increase in the Group's profit before income tax for the year ended 31 December 2013 compared to that for the year ended 31 December 2012.

Profit

Benefited from the rapid growth in the sales results and the high quality balanced development in operation scale of the Group, the Group's profit for the year ended 31 December 2013 increased by 33.6% to RMB3,493.8 million as compared with that of RMB2,614.7 million for the year ended 31 December 2012. The Group's profit attributable to owners of the Company for the year ended 31 December 2013 increased by 21.9% to RMB3,178.4 million as compared with that of RMB2,607.3 million for the year ended 31 December 2012.

The following table shows the profit attributable to owners of the Company and non-controlling interests respectively as of the dates indicated:

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**3,493,827**	2,614,740
Attributable to:		
Owners of the Company	**3,178,403**	2,607,300
Non-controlling interests	**315,424**	7,440
	3,493,827	2,614,740

As a result of the growth of the Group's profit attributable to owners of the Company, excluding the impact of the gain from acquisition of equity interests, the fair value change of the investment properties and impairment provision for properties, the Group's core profit attributable to owners of the Company for the year ended 31 December 2013 increased by 28.8% to RMB3,522.7 million as compared with that of RMB2,735.9 million for the year ended 31 December 2012.

Cash position

The Group operates in a capital intensive industry and has historically financed, and expects to continue to finance, its working capital, capital expenditures and other capital requirements through proceeds from the pre-sale and sale of properties, borrowings from commercial banks and other parties, capital contributions from shareholders and new share issuances. The Group's short-term liquidity requirements relate to servicing its debt and meeting its working capital requirements, and the Group's sources of short-term liquidity include cash balances, proceeds from pre-sales and sales of properties and new loans. The Group's long-term liquidity requirements relate to funding the development of its new property projects and repaying its long-term debt, and the Group's sources of long-term liquidity include loans, capital contributions from shareholders and share issuances.

The Group's cash and cash equivalents (including restricted cash) increased by 30.5% to RMB16,008.7 million as at 31 December 2013 from RMB12,262.7 million as at 31 December 2012.

The increase was principally attributable to:

(i) the net cash inflow of RMB8,323.9 million in operating activities benefited from the significant increase of the proceeds from the pre-sale and sale of properties;

(ii) the net cash outflow of RMB15,067.5 million in investing activities which was mainly due to obtaining new projects by the Group in Shanghai, Tianjin, Beijing and Hangzhou respectively and acquiring equity interests; and

(iii) the net cash inflow of RMB11,850.7 million in financing activities primarily due to the net inflow of RMB5,472.1 million from the borrowing, issue of senior notes and the payment of interest costs, net inflow of RMB1,618.6 million from the placing of shares, the net inflow of RMB1,852.5 million from the non-controlling interests' investments and the net inflow of RMB2,457.1 million from joint ventures and associates' cash advances.

The Group believes that both the working capital and financial resources are sufficient to secure the business growth in foreseeable future.

Borrowing and collateral

The Group had total borrowings of RMB28,706.3 million as at 31 December 2013, increasing by RMB6,981.3 million from RMB21,725.0 million as at 31 December 2012, which was primarily due to the net increase of RMB2,996.3 million from senior notes issued in March 2013, the net increase of RMB2,382.2 million from foreign syndicated loans obtained in July 2013 and the net increase of RMB1,602.8 million from loans obtained from banks and other parties.

As at 31 December 2013, RMB28,587.5 million of the Group's total borrowings (as at 31 December 2012: RMB19,326.2 million) were secured or jointly secured by the Group's properties under development, completed properties held for sale and investment properties totaling RMB43,148.4 million (as at 31 December 2012: RMB27,578.4 million), and certain equity interests of the Group's subsidiaries (including those legally transferred as collateral).

Net debt to total assets ratio, gearing ratio and net gearing ratio

Net debt to total assets ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings (including current and long-term borrowings) less cash and cash equivalents (including restricted cash). As at 31 December 2013, the net debt to total assets ratio of the Group is 13.0%, as compared to 13.3% as at 31 December 2012.

Gearing ratio is calculated as net debt divided by total capital. Total capital is calculated as total equity plus net debt. As at 31 December 2013, the gearing ratio of the Group is 41.1%, as compared to 44.1% as at 31 December 2012.

Net gearing ratio is calculated as net debt divided by total equity. As at 31 December 2013, the net gearing ratio decreased to 69.7% from 78.9% as at 31 December 2012. The Group continues to pay attention to and manage its financial structure and potential risks during its course of development.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the tables are the liabilities at carrying amounts, categorized by maturity dates.

	At 31 December 2013 *RMB' million*	At 31 December 2012 *RMB' million*
Floating rates		
Less than 12 months	**2,762**	8,149
1 to 5 years	**8,225**	3,509
Sub-total	**10,987**	11,658
Fixed rates		
Less than 12 months	**5,072**	3,634
1 to 5 years	**12,647**	6,433
Sub-total	**17,719**	10,067
Total	**28,706**	21,725

As at 31 December 2013, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group analyzes its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

Foreign exchange risk

The Group conducts its business principally in Renminbi, since all of the operating entities are based in the PRC. As the Group has some bank deposits denominated in foreign currencies and the senior notes and foreign syndicated loans denominated in US dollars or HK dollars, the Group faces foreign exchange risk. However, the Group's operating cash flow and liquidity are not subject to significant effect from fluctuations in exchange rates. No currency hedging arrangements were made as at 31 December 2013. The Group will closely monitor and manage its exposure to fluctuation in foreign exchange rates.

Contingent Liabilities

The Group provided guarantees to banks for mortgage facilities granted to certain purchasers of the Group's properties to secure the obligations of such purchasers for repayment of their mortgage loans. As at 31 December 2013, the amount was RMB7,241.9 million as compared with RMB5,124.2 million as at 31 December 2012. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which generally takes place within an average period of six months of the properties delivery date; or (ii) the satisfaction of obligations under the mortgage loans by the purchasers. The Group's guarantee period starts from the dates of grant of the mortgage.

Biographies of Directors and Senior Management

Executive Directors

Mr. SUN Hongbin ("Mr. Sun"), aged 50 is the Group's founder, the chairman of the board of directors of the Company (the "Board"), an executive Director and the chief executive officer of the Group. Mr. Sun is responsible for the Group's overall development strategy and final decisions on daily significant operational matters, including land and equity acquisitions and appointments of senior management. Mr. Sun has nearly 20 years of ample experience in the property sector in China. Mr. Sun started his real estate business in 1994 and has accumulated extensive experience in the management of the real estate activities over years. Mr. Sun obtained a master's degree in engineering from Tsinghua University in the PRC in 1985 and completed an advanced management program at Harvard Business School in the United States in 2000.

Mr. WANG Mengde ("Mr. Wang"), aged 42, is an executive Director and the executive president of the Company. Mr. Wang has 15 years of experience in the property sector in China. He joined the Group in 2006 and acted as the chief financial officer and the vice president of the Group since then. He has been the executive president of the Group since 2011. Prior to joining the Group, Mr. Wang was the chief operating officer and chief financial officer of Sunco China Holdings Limited ("Sunco China"), a Company engaged in the business of property development in the PRC from 2005 to 2006, and the general manager of a subsidiary of Sunco China in East China region from 2003 to 2005. From 1997 to 1999, he worked at Tianjin Samsung Wool Textile Co., Ltd., where he was in charge of corporate finance and accounting management. Mr. Wang graduated from Nankai University in the PRC with a bachelor's degree in auditing in 1997.

Mr. LI Shaozhong ("Mr. Li"), aged 50, is an executive Director and the vice president of the Company. Mr. Li has over 20 years of extensive experience in property development and civil engineering. He joined the Group in December 2003 and acted as the general manager of Tianjin Sunac Ao Cheng Investment Co., Ltd. ("Sunac Ao Cheng") and the vice president of the Group. Mr. Li has accumulated over 20 years of experience and knowledge through holding different positions in real estate companies in the major cities of the PRC such as Shanghai and Tianjin. Mr. Li graduated from the Graduate School of Tianjin University in the PRC with a master's degree in engineering in 1987 and obtained his doctorate degree in management in March 2007.

Mr. CHI Xun ("Mr. Chi"), aged 40, is an executive Director and the general manager of Sunac Tianjin Company, with 15 years of experience in real estate development and sales management. He joined the Group in 2004 and held the position of deputy general manager of Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi") from 2004 to 2005. Since 2005, he has been the general manager of Sunac Zhidi. Prior to joining the Group, Mr. Chi worked at various property companies where he was primarily responsible for project development, design and sales. Mr. Chi graduated from Harbin Institute of Technology in the PRC in 1997 with a bachelor's degree in architecture.

Mr. SHANG Yu ("Mr. Shang"), aged 34, is an executive Director and the general manager of Sunac Chongqing Company. Mr. Shang has 14 years of experience in the property sector in China. He joined the Group in 2003 and was the deputy general manager of Sunac Ao Cheng and Chongqing Olympic Garden from 2003 to 2004. Since 2006 till now, he has become the general manager of Chongqing Olympic Garden. Mr. Shang graduated from Tianjin Institute of Urban Construction in the PRC with a bachelor's degree in property development and management in 2001 and then obtained a master's degree in business administration from the China Europe International Business School in 2008.

Mr. JING Hong ("Mr. Jing"), aged 52, is an executive Director and the general manager of Sunac Beijing Company. Mr. Jing graduated from the Beijing Jiaotong University (previously known as Northern Jiaotong University) in the PRC in 1984 with a bachelor's degree in engineering. From 1991 to 2002, Mr. Jing served as an assistant president of the Lenovo Group Limited ("Lenovo Group"), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") (stock code: 992) and a deputy director of the president's office of Legend Holdings Limited ("Legend Holdings") (the controlling shareholder of the Lenovo Group). From October 2002 to 2006, Mr. Jing served as a vice president of Sunco China. Mr. Jing has extensive experience in real estate development. He joined the Group in January 2007. Since then, he has been the general manager of Beijing Sunac Hengji Real Estate Co., Ltd. ("Sunac Hengji") and is responsible for overall business operations.

Non-executive Directors

Ms. HU Xiaoling ("Ms. Hu"), aged 44, is a non-executive Director. Ms. Hu joined CDH Investments in 2002 and is currently the manager director of CDH Investments Management (Hong Kong) Limited. She is currently a non-executive director of Belle International Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1880). She is also a non-executive director of SYSWIN Inc., and Baroque Japan Limited. Ms. Hu is a director of Anhui Yingliu Electromechanical Co., Ltd which is listed on the Shanghai Stock Exchange, (stock code: 003308), Midea Group Co.,Ltd which is listed on the Shenzhen Stock Exchange (stock code: 000333) and Beijing Motie Book Co., Ltd as well. Prior to joining CDH Investments Management (Hong Kong) Limited, Ms. Hu worked with the direct investment department of China International Capital Co., Limited and Arthur Anderson. She is a fellow member of the Association of Chartered Certified Accountants. Ms. Hu graduated from Beijing Jiaotong University (北京交通大學) (previously known as Northern Jiaotong University (北方交通大學)) in the PRC, with a master's degree in economics and accounting and a bachelor's degree in economics.

Mr. ZHU Jia ("Mr. Zhu"), aged 51, a non-executive Director of the Company. Mr. Zhu is a Juris Doctorate degree holder from Cornell Law School in the United States and currently a managing director of Bain Capital Asia, LLC. Mr. Zhu has solid and extensive experience in a broad range of cross border mergers and acquisitions as well as international financing transactions involving Chinese companies. Before joining Bain Capital Asia, LLC in 2006, he was the chief executive officer of the China business of Morgan Stanley Asia Limited. Mr Zhu is currently a non-executive director of each of SinoMedia Holding Limited (stock code: 623), GOME Electrical Appliances Holding Limited (stock code: 992), Greatview Aseptic Packaging Company Limited (stock code: 468), the shares of which are listed on the Main Board of the Stock Exchange. Meanwhile, he is an independent non-executive director of Youku Tudou Inc., a company listed on the New York Stock Exchange.

Biographies of Directors and Senior Management

Independent Non-executive Directors

Mr. POON Chiu Kwok ("Mr. Poon"), aged 51, is an independent non-executive Director of the Company. Mr. Poon possesses years of appropriate accounting and related financial management expertise. He now serves as an executive director, vice president and company secretary of Huabao International Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 336), an independent non-executive director of Guangzhou Shipyard International Company Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 317) and the Shanghai Stock Exchange (stock code: 600685), Ningbo Port Company Limited, whose shares are listed on the Shanghai Stock Exchange (stock code: 601018), Yuanda China Holdings Limited (stock code: 2789), Changan Minsheng APLL Logistics Co., Ltd., (stock code: 1292) and Tonly Electronics Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1249). Mr. Poon is associate Fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel. He is a member and Associate Instructor of Hong Kong Securities and Investment Institute. He obtained a master's degree in international accounting, a post-graduate diploma in laws, a bachelor's degree in laws and a bachelor's degree in business studies. Mr. Poon joined the Group in June 2011.

Mr. LI Qin ("Mr. Li"), aged 73, is an independent non-executive Director of the Company. He is also the chairman of the board of supervisors of Legend Holdings. Mr. Li has extensive experience in business management, formulation of comprehensive business plans and strategies and their implementation. Mr. Li graduated from Beijing Institute of Mechanical Engineering（北京機械學院）(presently known as the Xi'an University of Technology) in the PRC with a bachelor's degree in Automatic Control Engineering in 1965. From 1965 to 1984, Mr. Li worked for the Technological Research Institute of Chinese Academy of Sciences. Since 1985, Mr. Li joined New Technology Development Company (the predecessor of Legend Holdings), He was the co-founder of the company and held the position of executive vice president of Legend Holdings over a long period of time and retired in 2009. From 2001 to December 2007, Mr. Li was also the chairman of the board of directors of Digital China Holdings Limited, a company which was spun-off in 2001 from Lenovo Group whose shares are listed on the Main Board of the Stock Exchange (stock code: 861). In 1992, Mr. Li was awarded "Outstanding Entrepreneur of Private Enterprises" by the Committee of Science and Technology of China and in the same year, he was also named as China's Outstanding Middle-Youth Scientist. In 1994, Mr. Li was awarded "Excellent Entrepreneur in High-Technology Industry" by the Beijing Municipal Science & Technology Commission. In 2000, he was also awarded as the "Municipal Model Worker of Beijing." Mr. Li joined our Company in August 2009.

Mr. MA Lishan ("Mr. Ma"), aged 62, is an independent non-executive Director. Mr. Ma graduated from Beijing Foreign Studies University in the PRC in 1975. Mr. Ma served in various managerial positions such as director, general manager in certain edible oils processing corporations and Great Wall Wine under China Oil & Foodstuff Corporation ("COFCO"). Mr. Ma has extensive experience in corporate operation and management. Mr. Ma served as an executive director of China Foods Limited（中國食品有限公司）(formerly known as "China Foods Holdings Limited（中國食品發展集團有限公司）" and "COFCO International Limited（中國糧油國際有限公司）") ("China Foods"), whose shares are listed on the Main Board of the Stock Exchange (stock code: 506) since January 1996. From May 1997 to June 2003, Mr. Ma served as the managing director of China Foods. He was the managing director of COFCO International Limited (now renamed China Foods Limited) between April 2002 and June 2003. In 2000, Mr. Ma served as the deputy general manager of China Foods Import and Export (Group) Co., Ltd.（中國糧油食品進出口(集團)有限公司）. From June 2003 to July 2005, Mr. Ma served as the deputy managing director of COFCO (Hong Kong) Limited（中國糧油食品集團（香港）有限公司） after its reorganisation. Mr. Ma was an executive director of Sino Resources Limited from 7 June 2008 to 16 January 2009 whose shares are listed on the Main Board of Stock Exchange (stock code: 00223). From May 2008 to present, he is an independent non-executive director of Silver Base Group Holdings Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 886) . From September 2010 to August 2013, he was also the executive director, managing director and chairman of Hao Tian Resources Group Limited (now renamed Hao Tian Development Group Limited), whose shares are listed on the Main Board of the Stock Exchange (stock code: 474). He is the senior consultant in Hao Tian Development Group Limited from August 2013 to present. Mr. Ma joined our Company in August 2009.

Mr. TSE Chi Wai ("Mr. Tse"), aged 46, is an independent non-executive Director. Mr. Tse graduated from the University of Hong Kong in 1989 with a bachelor's degree in social science studies. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse previously worked for various international accounting firms and listed companies and has over 20 years of experience in auditing, accounting and finance. Mr. Tse has been an executive director of Jih Sun Financial Holding Co., Ltd, the shares of which are listed on the Taiwan Stock Exchange, since 2010. Mr. Tse has also been the chief financial officer, the company secretary and an executive director of China Information Technology Development Limited, whose shares of which are listed on the Growth Enterprise Market Board of the Stock Exchange (stock code: 8178) since 2011. Mr. Tse joined our Company in December 2012.

Senior Management

Mr. TIAN Qiang ("Mr. Tian"), aged 36, is the general manager of Shanghai Sunac Greentown Investment Holdings Limited ("Shanghai Sunac Greentown"). Mr. Tian joined the Group in 2007 and acted as a deputy general manager of Tianjin Xiangchi Investment Co., Ltd.("Tianjin Xiangchi"). In late 2007, he held the position of a general manager of Wuxi Sunac Real Estate Co. Ltd.. Before joining the Group, Mr. Tian has been a sales manager, deputy general sales manager and general manager between 2002 and 2007 at Sunco China. Mr. Tian graduated from the Tianjin Institute of Urban Construction in the PRC in 1999 with a bachelor's degree in engineering specializing in construction project management.

Ms. MA Zhixia ("Ms. Ma"), aged 41, is the vice president of the Group. She is in charge of the Research & Development Centre, Sales Centre and Project Management Department of the Group. She joined the Group in 2003 and from 2003 to 2005, she acted as a deputy general manager and general manager of Sunac Zhidi. Since 2005, she has been the vice president of the Group. Ms. Ma graduated from Nankai University in the PRC with a bachelor's degree in economics in 1995.

Biographies of Directors and Senior Management

Mr. CHEN Hengliu ("Mr. Chen"), aged 59, is the chairman of the Sunac Hangzhou Company. Mr. Chen joined the Group in 2006 and has been the vice president since February 2013. Prior to joining the Group, he worked for Lenovo Group Limited, China Sciences Group (Holding) Co., Ltd. （中科實業集團（控股）有限公司）and Sina.com Technology (China) Co., Ltd. Mr. Chen graduated from Beijing Normal University in the PRC in 1982 with a bachelor's degree in physics and in 1985, he obtained a master's degree in science from the Post-graduate School of Chinese Academy of Sciences.

Ms. MIN Feng ("Ms. Min"), aged 43, is the chairman of Sunac South Jiangsu Company. From September 1992 to January 2000, she served as a reporter and editor of Tianjin Daily News. From February 2000 to March 2006, Ms. Min was a general manager and chairman of a subsidiary of Sunco China and vice president of Sunco China, a company engaged in the business of property development in the PRC. Ms. Min served as the chairman and general manager of Wuxi Sunac Real Estate from March 2006 to November 2007. Ms. Min has been the chairman of Wuxi Sunac Real Estate since December 2007. Ms. Min graduated from the Department of Chinese Language and Literature of Tianjin Normal University in the PRC with a bachelor's degree.

Mr. HUANG Shuping ("Mr. Huang"), aged 33, is the vice president, chief financial officer and joint company secretary of the Group. He is primarily responsible for corporate finance, equity management and investor relations of the Group. He joined the Group in 2007 and acted successively as a supervisor and a general manager of the capital operations centre, a deputy general manager of the finance management department and an assistant to chief executive officer. Since 2011, he has been a vice president of the Group and has been the chief financial officer of the Group since November 2012. Before joining us, Mr. Huang was an assistant to the president of Sunco China with responsibilities in capital management from 2005 to 2007. From 2004 to 2005, he was a project manager of the assets management department of the Capital Securities Co., Ltd. Mr. Huang graduated from Xiamen University in the PRC with a bachelor's degree in economics in 2003 and received a master's degree from the University of Liverpool in the United Kingdom in finance in 2004.

Mr. ZHANG Qiang ("Mr. Zhang"), aged 39, is the vice president of the Group and the general manager of Sunac Suzhou Company. Mr. Zhang joined the Group in 2003. From 2003 to 2005, he served as the deputy general manager of Sunac Zhidi. He was the general manager of Sunac Suzhou Company in 2005. From 2006 to 2011, he was the Group's strategic development director, the marketing director and the general manager of the marketing centre. He has been a vice president of the Group and the executive general manager of Shanghai Sunac Greentown since 2012. Mr. Zhang was graduated from chemistry department of Tianjin University in the PRC with a bachelor's degree in science in 1997.

Corporate Governance Report

The Board recognizes the importance of improving transparency to shareholders, rigorous risk management and accountability and is committed to achieving high standards of corporate governance. The Board believes that corporate governance of high standard and great efficiency will bring the Company a better result and reciprocate the shareholders with long term benefits.

Corporate Governance Practices

Compliance with The Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the guidelines for the directors' dealings in the securities of the Company. Following specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2013 in relation to their securities dealings, if any.

Corporate Governance

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and has, throughout the year ended 31 December 2013, complied with all applicable code provisions under the Corporate Governance Code, save and except for the deviations from code provisions A.2.1 and E.1.2.

Code provision A.2.1 provided that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are performed by Mr. Sun Hongbin. Although Mr. Sun Hongbin assumes both the roles of chairman and chief executive officer, the divisions of responsibilities between the two roles are clearly defined. The role of the chairman is to monitor the duties and performance of the Board, whereas the role of chief executive officer is to manage the Group's business. The Board believes that at the current stage of development of the Group, vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Code provision E.1.2 provided that, the chairman of the Board should attend the annual general meeting and be available to answer questions at the meeting. Mr. Sun Hongbin (chairman of the Board) was unable to attend the Company's annual general meeting held on 16 May 2013 as he had to attend certain business matters in the PRC on the same day. Accordingly, the Company was unable to fully comply with code provision E.1.2 of the Corporate Governance Code.

Trainings of the Directors

The Board recognizes and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have also attended regular trainings on the Listing Rules and regulatory requirements. The Company has an established internal reporting practice throughout the Group in monitoring the operation and business development of the Company.

All Directors should keep abreast of the responsibilities as a Director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for newly appointed Director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements being a newly appointed Director.

The company secretary of the Company keeps and updates disciplines of training received by Directors.

For the year ended 31 December 2013, trainings received by each Director are summarized as follows:

Name of Director	Attending seminar(s)/program(s)/ conference(s) relevant to the business or Directors' duties	Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements
Mr. Sun Hongbin	✓	✓
Mr. Wang Mengde	✓	✓
Mr. Li Shaozhong	✓	✓
Mr. Chi Xun	✓	✓
Mr. Shang Yu	✓	✓
Mr. Jing Hong	✓	✓
Mr. Zhu Jia	✓	✓
Ms. Hu Xiaoling	✓	✓
Mr. Poon Chiu Kwok	✓	✓
Mr. Li Qin	✓	✓
Mr. Ma Lishan	✓	✓
Mr. Tse Chi Wai	✓	✓

The Board

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The management is delegated with authorities and responsibilities by the Board for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various Board committees and has delegated various duties to the Board committees, including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), and the nomination committee (the "Nomination Committee") of the Company (together, the "Board Committees"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

Board Composition

Executive Directors

Mr. Sun Hongbin *(Chairman and Chief Executive Officer)*
Mr. Wang Mengde *(Executive President)*
Mr. Li Shaozhong
Mr. Chi Xun
Mr. Shang Yu
Mr. Jing Hong

Non-executive Directors

Ms. Hu Xiaoling
Mr. Zhu Jia

Independent Non-executive Directors

Mr. Poon Chiu Kwok
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

There is no relationship (including financial, business, family or other material relationship) between any members of the Board. The Directors' respective biographical information is set out on page 26. The present Board has extensive experiences in corporate finance and management both in Hong Kong and China. Pursuant to the Listing Rules, Mr. Poon Chiu Kwok possesses appropriate expertise in accounting and financial management. The diversified experiences and backgrounds of Directors contribute the Group better corporate governance and performance standards, which brings the stakeholders of the Company long-term benefits.

As at 31 December 2013, the Board has met the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer of the Company have not been separated as required by Code Provision A.2.1.

Mr. Sun Hongbin is the chairman and chief executive officer of the Company. Mr. Sun has extensive experience in property industry and is responsible for (i) making strategic decisions on the Group's business developments and operations and (ii) making significant decisions on the Group's daily business operations. The Board considers that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. With rigorous corporate governance practice, the Board can assure the well balance between authorities and responsibilities. The Board comprises six executive Directors (including Mr. Sun), two non-executive Directors and four independent non-executive Directors, reflecting the independence of the Board.

Board Meetings

The Board has convened four meetings during the year ended 31 December 2013 to discuss corporate strategies, business plans and other significant issues of the Group. Details of the attendance at the Board meetings convened are set out as follows:

Name of Director	Attendance/Number of meetings held
Executive Directors	
Mr. Sun Hongbin *(Chairman)*	4/4
Mr. Wang Mengde *(Executive President)*	4/4
Mr. Li Shaozhong	4/4
Mr. Chi Xun	4/4
Mr. Shang Yu	4/4
Mr. Jing Hong	4/4
Non-executive Directors	
Ms. Hu Xiaoling	4/4
Mr. Zhu Jia	4/4
Independent Non-executive Directors	
Mr. Poon Chiu Kwok	4/4
Mr. Li Qin	4/4
Mr. Ma Lishan	4/4
Mr. Tse Chi Wai	4/4

In addition, all members of the Board have approved the following proposals unanimously by way of written resolutions:

- Acquisition of 47% equity interest in and assignment of debt in Tianjin Teda City Development Co., Ltd.
- Placing of existing shares and subscription for new shares
- Acquisition of 49% equity interest in Summer Sky Investments Limited
- Issuance of US$500 Million 9.375% Senior Notes due 2018
- Grant of share options
- Entering into the cooperation and investment agreement with Arch Capital Success Limited regarding the cooperation to develop Shanghai Huangpu Project
- Acquisition of 50% equity interest and creditor's right in Zhejiang Jinying Co., Ltd.
- Acquisition of 100% equity interest in Tianjin Rongzheng Investment Co., Ltd.
- Announcement pursuant to Rule 13.18 of the Listing Rules in relation to the entering into the facility agreement with, among others, the borrower and the original lenders in relation to certain three-year term loan facilities in an aggregate amount of approximately US$400,000,000
- Acquisition of 60% equity interest and creditors' right in Hangzhou Guorong Realty Co., Ltd. and acquisition of 49% equity interest in Shanghai Haochuan Property Co., Ltd.
- Successful Acquisition of Tiantuo Land in Tianjin in cooperation with Tianjin Real Estate Development Management Group Co., Ltd. Tianjin Real Estate Group
- Acquisition of equity interests in Tianjin Sunac MingXiang Investment Development Co., Ltd. ("Sunac Mingxiang")
- Entering into the equity cooperative agreement with Sunac Hengji, Beijing Sunac Hengyu Real Estate Co., Ltd. ("Sunac Hengyu") and Tongsheng Investment Co., Ltd.
- Acquisition of an additional 11.18% equity interest in Shanghai Haochuan Property Co., Ltd.

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term of two years.

Board Committees

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board Committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of the Board Committees will report their findings and recommendations to the Board after each meeting.

Audit Committee

The primary duties of the Audit Committee are to review completeness of the Company's policies and procedures on internal control and to review financial statements of the Group. The Audit Committee consists of four independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai. Mr. Poon Chiu Kwok acts as the chairman of the Audit Committee. The terms of reference of the Audit Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and is uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn). During the year ended 31 December 2013, the Audit Committee has convened two meetings in total, and the individual attendance of each member during the period is set out as follows:

Name of Member	**Attendance/Number of meetings held**
Mr. Poon Chiu Kwok *(Chairman)*	2/2
Mr. Li Qin	2/2
Mr. Ma Lishan	2/2
Mr. Tse Chi Wai	2/2

At the above meetings, members of the Audit Committee have reviewed the audited annual results of 2012 and reviewed the interim results of 2013 and have discussed with our auditor about the tasks they performed. The annual results of the Company for the year ended 31 December 2013 have also been reviewed by the Audit Committee.

The Audit Committee has reviewed the remuneration of our auditor for 2013 and has recommended the Board to re-appoint PricewaterhouseCoopers as our auditor for 2014, subject to approval by shareholders at the forthcoming annual general meeting expected to be held on 19 May 2014.

The Audit Committee has been appointed by the Board to perform the corporate governance duties as stipulated in code provision D.3.1 on the Board meeting held on 24 March 2014.

The work performed by the Audit Committee during 2013 included, among others, the following:

1. reviewed interim and annual consolidated financial statements of the Group;

2. discussed with external auditors;

3. reviewed the 2013 cash flow projections and monitored the Group's overall financial condition;

4. reviewed the appropriateness and effectiveness of internal control system of the Group and made recommendations to the Board on the improvement of internal control, credit control and risk management of the Group;

5. reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and

6. met with external auditors in the absence of executive Directors and senior management to discuss matters in relation to the audit.

Remuneration Committee

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration of the Directors and senior management as well as to evaluate and make recommendations on employee benefit arrangements. The terms of reference of the Remuneration Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and has been uploaded to the websites of the Stock Exchange and Company.

The Remuneration Committee comprises one executive Director, namely Mr. Sun Hongbin, and four independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai. Mr. Poon Chiu Kwok acts as the chairman of the Remuneration Committee.

The Remuneration Committee held two meetings during the year ended 31 December 2013, and the individual attendance of each member during the period is set out as follows:

Name of Member	Attendance/Number of meetings held
Mr. Poon Chiu Kwok *(Chairman)*	2/2
Mr. Sun Hongbin	2/2
Mr. Li Qin	2/2
Mr. Ma Lishan	2/2
Mr. Tse Chi Wai	2/2

The major work performed by the Remuneration Committee in 2013 included reviewing and making recommendation of the Directors' remuneration for the year ending 31 December 2014.

Nomination Committee

The primary duties of the Nomination Committee are to identify and to nominate suitable candidates for Directors and senior management of the Company. Criteria adopted by the Nomination Committee in considering whether the relevant personnel are suitable for Directors include their qualifications, experience, expertise and knowledge as well as provisions of the Listing Rules. The terms of reference of the Nomination Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and has been uploaded to the websites of the Stock Exchange and the Company.

The Nomination Committee comprises one executive Director, namely Mr. Sun Hongbin, and three independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, and Mr. Ma Lishan. Mr. Sun Hongbin acts as the chairman of the Nomination Committee.

The work performed by the Nomination Committee during 2013 included the following:

1. identified suitable candidates for directorships and made recommendations to the Board;

2. assessed the independence of independent non-executive Directors; and

3. made recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee has reviewed and recommended the Board diversity policy ("Board Diversity Policy") to be adopted by the Board and the Board, in the Board meeting held on 26 August 2013, adopted such policy to assess the Board composition. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

The Nomination Committee held two meetings during the year ended 31 December 2013, and the individual attendance of each member during the period is set out as follows:

Name of Member	**Attendance/Number of meetings held**
Mr. Sun Hongbin *(Chairman)*	2/2
Mr. Poon Chiu Kwok	2/2
Mr. Li Qin	2/2
Mr. Ma Lishan	2/2

Auditor's Remuneration

During the year ended 31 December 2013, the remunerations paid or payable to our auditor, PricewaterhouseCoopers, in respect of its statutory audit services and non-audit services in relation to note issuance are RMB6.2 million and RMB0.5 million respectively.

Accountability and Audit

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2013 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the period. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" on pages 62 to 63 of this report.

Internal Control

The Company continues to adopt best practices and industry standards for corporate governance and internal control and draw on our senior management's expertise and experience to facilitate our operations.

The Board is responsible for maintaining an effective internal control system and reviews the effectiveness and the operational performance of the Group's internal control system to ensure the Group's assets and shareholder's benefit. The Company leverages on the expertise offered by internal and external professionals to develop its internal control system. During the year, the Board conducted a review of the effectiveness of the Group's internal control system. The annual review has considered the adequacy of resources, qualification and experiences of staff of the Company's accounting and financial function, and their training programmes and budget. The Audit Committee and the Board will regularly review the Company's performance and its internal control system, further strengthen its internal management and clarify the terms of references of each operating unit, so as to ensure an ordered operation with high efficiency and a rapid response to market conditions.

Information Disclosure

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. Our primary focus is to ensure that information disclosure is timely, fair, accurate, truthful and complete, thereby enabling our shareholders, the investors as well as the public to make rational and informed decisions.

Communication with Shareholders

The Company is committed to pursue active dialogue with shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its shareholders, investors and other stakeholders. annual general meeting ("AGM") of the Company serves as an effective forum for communication between the shareholders and the Board. Notice of the AGM together with the meeting materials will be despatched to all shareholders not less than 21 clear days and not less than 20 clear business days before the AGM. As one of the measures to safeguard the shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. In addition, the Company regards the AGM as an important event, and all Directors, the chairmen of all Board Committees, senior management and external auditor will attend the AGM of the Company to address shareholders' inquiries. If the chairmen of the Board, the Audit Committee, the Remuneration Committee or the Nomination Committee fail to attend, the meeting, then other members of each Board Committee will be invited to attend the AGM and answer shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn) on the same day of the relevant general meetings.

Mr. Sun Hongbin (chairman of the Board) was unable to attend the AGM held on 16 May 2013 as he had to attend certain business matters in the PRC on the same day.

Mr. Li Shaozhong, Mr. Chi Xun, Mr. Shang Yu and Mr. Jing Hong (executive Directors) were unable to attend the AGM held on 16 May 2013 due to conflicting schedules. Mr. Li Qin and Mr. Ma Lishan (independent non-executive Directors) as well as Mr. Zhu Jia and Ms. Hu Xiaoling (non-executive Directors) were also unable to attend the AGM due to conflicting schedules. However, Mr. Wang Mengde (an executive Director) and Mr. Poon Chiu Kwok and Mr. Tse Chi Wai (independent non-executive Directors) attended the 2013 AGM and answered questions from shareholders. Mr. Poon is also the chairman of the Audit Committee, chairman of the Remuneration Committee and member of the Nomination Committee. To promote effective communication, the Company maintains a website at www.sunac.com.cn, where the latest information and updates on its business operation and development, corporate governance practice, contact information of Investor Relations department and other information are published for the public's access.

Shareholders' Right

Procedures for shareholders to convene an extraordinary general meeting

In accordance with article 58 of 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, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders who wish to propose resolutions may follow article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 are set out above.

Procedures for directing shareholders' enquiries to the Board

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

Investor Relations Department
Sunac China Holdings Limited
10th Floor, Building C7, Magnetic Plaza,
Binshuixi Road, Nankai District
Tianjin
China
Fax: 86-22-23929807
Email: ir@sunac.com.cn

Company Secretary

The Company engages Ms. Mok Ming Wai, director of KCS Hong Kong Limited, as one of its joint company secretaries since 9 October 2013. Her primary corporate contact person at the Company is Mr. Huang Shuping, the vice president, chief financial officer and joint company secretary of the Company. In compliance with Rule 3.29 of the Listing Rules, Mr. Huang and Ms. Mok each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2013.

Constitutional Documents

There was no change in the Company's constitutional documents during the year ended 31 December 2013.

Investor Relations Report

The Company's investor relations team aims to ensure shareholders of the Company (including individual and institutional shareholders), investment institutions and related persons to be provided with comprehensive, identical and timely access to easily understandable information about the Company in a timely manner, so as to enhance investors' understanding and recognition of the Company. On one hand, it enables our shareholders to exercise their rights in an informed manner, hence effectively enhancing shareholders' value. On the other hand, it is an effective channel which allows the shareholders and the investment community (including the Company's potential investors and analysts who publish analysis and reports on the Company's performance) to maintain smooth communications with the Company with an aim to establish a long-term, stable and healthy relationship.

The Company's investor relations team has formulated a well-organized and highly-efficient working system for investor relations so as to ensure that the Company, in compliance with the Listing Rules, conveys the latest information regarding its sales performance, major transactions, business operations and new land acquisition to the capital market in a timely and accurate manner. It also publishes as soon as practicable the monthly newsletters, announcements, annual reports, press releases and other information, and maintains close contact with the capital market through various channels including phone calls, conferences, emails, the Company's website and etc..

During the year ended 31 December 2013, the Company's investor relations team proactively organized and participated in a series of activities such as investor meetings and non-deal road shows which were held in Hong Kong, Singapore, London, Macau, Beijing and Shanghai by securities firms. Meanwhile, it also keeps close ties with the capital market through organizing teleconferences and inviting domestic and foreign investors and analysts to the Group's headquarters and cities where our projects are located to have meetings or on-site visits as well as communication with the Group and the management of various regions and various projects. On-site visits with analysts in the focus projects located in Shanghai regions and Hangzhou were organized in October. During the year ended 31 December 2013, the investor relations team has organized a total of 1,109 meetings with investment institutions and analysts and received 402 on-site project visits with investment institutions and analysts.

In the future, the Company's investor relations team will continuously dedicate itself to establishing a highly-efficient communication mechanism between the Company and the capital market, promoting and organizing more investment institutions to establish long-term connections with the Company, which will not only enable the capital market to have an in-depth understanding of the Company, but also enable the Company to understand the requirements of the capital market towards the operations of the Company in a timely manner so as to achieve a win-win situation.

Investor Relations Report

Month	Activities	Place
January	CICC Corporate Day	Hong Kong
	Nomura Corporate Day	Hong Kong
	DBS Pulse of Asia Conference	Singapore
	DB Access China Conference 2013 Beijing	Beijing
	UBS Greater China Conference	Shanghai
	Citi Asia Pacific Investor Conference	Singapore
April	DBS Pulse of Asia Conference	Hong Kong
	UBS Hong Kong/China Property Conference 2013	Hong Kong
	HSBC Greater China Property Conference	Hong Kong
May	Macquarie Greater China Conference	Hong Kong
	BOCI 2013 Conference Day	Beijing
	CLSA 18th China Forum	Beijing
	DB Access Asia Conference 2013	Singapore
	Barclays Asia Financial & Property Conference	Hong Kong
June	Nomura Investment Forum Asia	Singapore
	Citi Asia Pacific Property Conference	Hong Kong
September	CICC Presenting China	London
October	Credit Suisse China Forum	Hong Kong
November	Goldman Sachs Great China CEO Summit 2013	Hong Kong
	Merrill Lynch China Conference 2013	Beijing
	Citi China Investor Conference	Macau
	Morgan Stanley Asia Pacific Summit	Singapore
December	CICC Investment Forum	Beijing

Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group is an integrated residential and commercial property developer with a focus on large-scale, medium to high-end property developments in selected cities in China.

An analysis of the Group's revenue and operating results for the year by principal activities is set out in note 6 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income of the Group on page 69.

Land Bank

For the year ended 31 December 2013, the Group has acquired 19 sites in total with an increase of 9.57 million sq.m. to its land bank and 5.45 million sq.m. to its attributable land bank, among which, the Company believes that an expanded land bank in the main target regions of the Group is an essential key for the Group's future success in property development.

Mergers and Acquisitions

On 7 January 2013, Tianjin Sunac Zhidi Co., Ltd. acquired from Beijing Vantone Real Estate Co., Ltd. the remaining 23.5% equity interest in Tianjin TEDA City Development Co., Ltd. ("Tianjin TEDA") at a cash consideration of RMB348,863,150 and took up an assignment of a debt owing by Tianjin TEDA at a cash consideration of RMB124,270,000. Details of such acquisition are set out in the announcement of the Company dated 4 January 2013.

On 14 March 2013, Yingzi Real Estate Investment Holdings Limited ("Yingzi Real Estate"), a wholly owned subsidiary of the Company, the Company, Summer Sky Investment Limited ("Summer Sky") and Shimao Property Holdings Limited entered into the share subscription agreement, pursuant to which Yingzi Real Estate has agreed to subscribe for 49 shares of Summer Sky of HK$1.00 each at a consideration of HK$49 in cash, and Summer Sky has agreed to allotted and issued shares to Yingzi Real Estate. As a result, the Company will indirectly hold 49% equity interest in the Project Company, while Shimao Property Holdings Limited will indirectly hold 51% equity interest in the Project Company after the share subscription. In accordance with mutual agreement, the total investment for this project will not be more than US$298 million and the Company shall make a capital contribution of approximately RMB907 million in proportion to its shareholding. Details of the share subscription agreement are set out in the announcement of the Company dated 14 March 2013.

On 16 March 2013, the Company, Greentown China Holdings Limited ("Greentown China"), China Gold Associates Limited ("China Gold") and a guarantor (the "Guarantor") entered into the framework agreement, pursuant to which the Company and Greentown China conditionally agreed to acquire through their equally-shared joint venture company incorporated in the British Virgin Islands (the "Offshore JV") and China Gold conditionally agreed to dispose of, the entire issued share capital of Golden Regal Limited (the "Target Company"). Upon completion of such acquisition, the Company and Greentown China will each hold, through the Offshore JV, 50% interest in the Target Company, while the Offshore JV, the Target Company and its subsidiaries will become non wholly-owned subsidiaries of the Company. The aggregate consideration for such acquisition payable was RMB9,019 million. Details of the framework agreement are set out in the announcement of the Company dated 17 March 2013.

On 16 April 2013, Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Shanghai Greentown Woods Golf") and Jindu Real Estate Group Co., Ltd. ("Jindu Real Estate") entered into a framework agreement, and on 30 May 2013, both parties entered into an equity transfer agreement and a creditor's right transfer agreement, respectively, pursuant to which, Shanghai Greentown Golf agreed to acquire and Jindu Real Estate agreed to dispose of its equity interest in Zhejiang Jinying Realty Co., Ltd. ("Zhejiang Jinying") and the creditor's right receivable by Jindu Real Estate as creditor. Upon completion of the equity transfer agreement and the creditor's right transfer agreement, Zhejiang Jinying will be held as to 50% by Shanghai Greentown Golf and 50% by Huiying Real Estate, respectively. The consideration was RMB1,200 million. Details of the equity transfer agreement and the creditor's right transfer agreement are set out in the announcement of the Company dated 2 June 2013.

On 10 July 2013, Tianjin Sunac Dingsheng Zhidi Co., Ltd. ("Sunac Dingsheng"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Tianjin Zhenglin Investment Group Co., Ltd. ("Zhenglin Investment"), and Mr. Zhou Zhonghai, with Hongfa Real Estate Co., Ltd. ("Hongfa"), and Ms. Zhang Tangyan acting as the guarantors of the equity transfer. Pursuant to which, Sunac Dingsheng agreed to acquire, and Zhenglin Investment and Mr. Zhou agreed to dispose of 100% equity interest held in Tianjin Rongzheng Investment Co., Ltd., at a cash consideration of RMB1,148,467,866.6. Details of the equity transfer agreement are set out in the announcement of the Company dated 10 July 2013.

On 6 August 2013, Sunac Ao Cheng entered into an equity transfer agreement and a creditor's right transfer agreement with Lizi Holding Group Hangzhou Industrial Co., Ltd. ("Lizi Holding") and Mr. Guo Xiangchun ("Mr. Guo"). Pursuant to the above agreement, Sunac Ao Cheng agreed to acquire, and Lizi Holding and Mr. Guo agreed to dispose, of their respective 51% and 9% of equity interests and the creditors' right in Hangzhou Guorong Realty Co., Ltd. for a total consideration of RMB507,818,224.25. Details of the equity transfer agreement and the creditor's right transfer agreement are set out in the announcement of the Company dated 6 August 2013.

On 31 August 2013, Shanghai Sunac Greentown and Zhejiang Kangheng Real Estate Development Co., Ltd. ("Zhejiang Kangheng") entered into the equity transfer agreement pursuant to which Shanghai Sunac Greentown agreed to acquire and Zhejiang Kangheng agreed to dispose of its 49% equity interest held in Shanghai Haochuan Property Co., Ltd. ("Haochuan Property") at a total consideration of RMB507.4 million. On 25 December 2013, Shanghai Sunac Greentown and Zhejiang Xiangyi entered into an equity transfer agreement to acquire its 11.18% equity interest held in Haochuan Property (the "Equity Transfer"). The consideration for the Equity Transfer was RMB51.5 million and to repay the shareholders loan of RMB1,717,502,532.7 provided by Zhejiang Xiangyi Real Estate Development Co., Ltd. and Zhejiang Tobacco Investment Management Company Limited to Haochuan Property as at 30 September 2013. Upon completion of the Equity Transfer, Shanghai Sunac Greentown's equity interest in Haochuan Property will be increased from 49.0% to 60.18%, and Haochuan Property will become a jointly controlled company of the Group. Details of the equity transfer agreements are set out in the announcement of the Company dated 1 September 2013 and 26 December 2013.

On 20 December 2013, Sunac Zhidi entered into an equity acquisition agreement with Daye Trust Holding Limited to acquire its 49.5586% equity interests in Tianjin Sunac Mingxiang Investment Development Co., Ltd. ("Sunac Mingxiang") held by it and all rights and interests arising from such equity interests at a cash consideration of RMB919,608,748.13. Following the completion of such acquisition, Sunac Zhidi will hold 100% equity interests in Sunac Mingxiang which will become an indirect wholly-owned subsidiary of the Company. Details of the equity acquisition agreement are set out in the announcement of the Company dated 20 December 2013.

Property, Plant and Equipment

Details of the movements in property, plant and equipment during the year are set out in note 7 to the consolidated financial statements of the Group.

Borrowings

Details of borrowings are set out in note 23 to the consolidated financial statements of the Group.

Reserves

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

As at 31 December 2013, the distributable reserve of the Company amounted to approximately RMB4,004,700,000.

Financial Summary

A financial summary of the Group is set out on page 4 of this annual report.

FINAL DIVIDENDS

The Board proposed to declare a final dividend of RMB0.191 per share in cash, approximately RMB636 million in aggregate, for the year ended 31 December 2013, which are expected to be paid on 16 July 2014 to shareholders whose names appear on register of members of the Company as at 26 May 2014, subject to shareholders' approval in the forthcoming annual general meeting of the Company expected to be held on 19 May 2014 (the "AGM"). The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the middle rate published by the People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at 19 May 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 13 May 2014 to 19 May 2014 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 12 May 2014.

For the purpose of determining the shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 23 May 2014 to 26 May 2014 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 22 May 2014.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, revenue attributable to the largest customer of the Group amounted to approximately 0.6% of the total revenue in the year and the five largest customers of the Group accounted for 1.6% of the Group's revenue in the year.

For the year ended 31 December 2013, purchases attributable to the largest supplier of the Group amounted to approximately 4,4% of the total purchases in the year and the five largest suppliers of the Group accounted for 15.3% of the Group's purchases in the year.

So far as the Board is aware, neither the Directors, their associates nor any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

ISSUANCE OF THE BONDS DURING THE YEAR

On 27 March, 2013, the Company, the subsidiary guarantors and the subsidiary guarantor pledgors entered into the Purchase Agreement with The Hongkong and Shanghai Banking Corporation Limited, BOCI Asia Limited, Citigroup Global Markets Limited, Industrial and Commercial Bank of China (Asia) Limited, ICBC International Capital Limited, ICBC International Securities Limited and Morgan Stanley & Co. International plc in connection with the issue of US$500 million 9.375% senior notes due 2018 (the "2013 Notes").

The estimated net proceeds of the 2013 Notes, after deduction of underwriting discounts and commissions and estimated offering expenses, will amount to approximately US$491.5 million and the Company intends to use a substantial portion of the net proceeds from the 2013 Notes to refinance its existing indebtedness and the remainder for general corporate purposes. The Company may adjust its development plans in response to changing market conditions and may therefore reallocate the use of proceeds from the 2013 Notes.

The 2013 Notes are listed on the official list of Singapore Exchange Securities Trading Limited.

SHARE CAPITAL

On 21 January 2013, the Company, Sunac International Investment Holdings Ltd., the controlling shareholder of the Company ("the Vendor") and Citi ("the Placing Agent") entered into the placing and subscription agreement pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis 300,000,000 existing shares of the Company ("the Placing Shares") at a price of HK$6.70 per share on behalf of the Vendor. The Placing Shares represent approximately 9.04% of the existing issued share capital of the Company.

Details of the movements in the share capital of the Company are set out in note 18 to the consolidated financial statements of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. SUN Hongbin *(Chairman and Chief Executive Officer)*
Mr. WANG Mengde
Mr. LI Shaozhong
Mr. CHI Xun
Mr. SHANG Yu
Mr. JING Hong

Non-executive Directors

Ms. HU Xiaoling
Mr. ZHU Jia

Independent Non-executive Directors

Mr. POON Chiu Kwok
Mr. LI Qin
Mr. MA Lishan
Mr. TSE Chi Wai

The biographical details of the Directors and senior management are set out under the section "Biographies of Directors and Senior Management."

In accordance with article 84(1) of the articles of association of the Company, Mr. Sun Hongbin, Mr. Wang Mengde, Mr. Li Shaozhong and Mr. Chi Xun shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the AGM.

PARTICULARS OF DIRECTORS' SERVICE CONTRACTS

Executive Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the contract.

Each of the executive Directors is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of the Board, and social and welfare benefits provided under the relevant PRC laws and regulations. The aggregate amount of annual salary of the six executive Directors is RMB8,428,000.

Non-executive Directors

Each of the non-executive Directors has entered into an appointment letter with the Company for a term of two years. No fees are payable to the non-executive Directors under the appointment letters.

Independent Non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of two years. The aggregate amount of annual fees payable to four independent non-executive Directors under the appointment letters is HK$1,200,000.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that each of the independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai to be independent.

DIRECTORS' EMOLUMENTS AND (SIX) HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the six highest paid individuals of the Group for the year ended 31 December 2013 are set out in note 29(a) to the consolidated financial statements of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2013, none of the Directors of the Company are considered to be in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes", at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS AND DIRECTORS

Mr. Sun Hongbin ("Mr. Sun") and Sunac International Investment Holdings Ltd. ("Sunac International") (the "Covenantors") entered into a non-competition deed (the "Deed") dated 9 September 2010 in favor of the Company, pursuant to which each of the Covenantors undertook to the Company (for its own and on behalf of all members of the Group) that he or it may not, and shall use his or its best endeavors to procure that his or its associates will not, directly or indirectly, hold any interest, or be engaged or otherwise involved, whether for profit, reward or otherwise, in any business (the "Restricted Activity") which is in competition with, or is likely to be in competition with, the business carried on by the Group from time to time (the "Business") whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise, or take any action which interferes with or disrupts, or may interfere with or disrupt, the Business, including, but not limited to, solicitation of any of the customers, suppliers or employees of any member of the Group provided that there shall be no restriction on any of the Covenantors and/or his or its associates holding not more than a 5.26% interest in Sunco A or a 100% equity interest in APEV Property Management ("APEV Interest") or any shares or other securities in any company which conducts or is engaged in any Restricted Activity (the "Subject Company") if such shares or securities are listed on a stock exchange and the total number of shares held by the Covenantors and/or his or its associates in aggregate does not exceed 5% of the issued share capital of the Subject Company and:

(i) there is a holder (together, where appropriate, with its associates) holding a larger shareholding in the Subject Company than the aggregate shareholding held by the relevant Covenantors and/or his or its associates at all times; and

(ii) the total number of the relevant Covenantors' representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to his or its shareholding in the Subject Company.

The Covenantors further undertake:

(a) not to appoint directly or indirectly any executive director in the Subject Company; and

(b) that if Mr. Sun (through Tianjin Ying Xin Xin Heng Investment Consultancy Limited ("Yingxin Xinheng")) decides to dispose of the APEV Interest or if he, it, and/or his or its associates receive any business investment or other business opportunities in relation to the Business (each a "Business Opportunity"), each shall refer any of such Business Opportunities to the Company first on a timely basis, subject to all applicable laws and regulations, and shall give written notice to the Company of the Business Opportunity within seven days for identifying the target company (if relevant) and the nature of the Business Opportunity, the investment or acquisition costs and detailing all information reasonably necessary for the Company to consider whether to pursue the Business Opportunity ("Offer Notice").

The Deed shall terminate on the earliest of the date on which (i) the Covenantors and/or his or its associates shall cease to hold in aggregate 30 per cent. or more of the entire issued share capital of the Company or otherwise cease to be our controlling shareholder; or (ii) the Shares shall cease to be listed and traded on the Stock Exchange (except for suspension of trading of the Shares on the Stock Exchange due to any reason).

Our independent non-executive Directors have reviewed, for the year ended 31 December 2013, the compliance by the Covenantors with their non-competition undertakings and, in particular, the right of first refusal in relation to the Business Opportunity as provided under the Deed. In this connection, the Covenantors have provided all necessary data, including without limitation, details of any proposed investment constituting the Business Opportunity, to the independent non-executive Directors for their review.

Each Covenantor has undertaken to provide all data necessary for (i) the annual review by the independent non-executive Directors in respect of his or its compliance with the Deed; and (ii) the enforcement of the Deed. Each Covenantor has made an annual declaration on compliance with the Deed for disclosure in this annual report.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2013, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are disclosed in note “Related party transactions” to the consolidated financial statements of the Group.

SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) on 9 September 2010 and the Post-IPO Share Option Scheme (the “Post-IPO Share Option Scheme”) on 29 April 2011.

Pre-IPO Share Option Scheme

As disclosed in the Company’s prospectus dated 24 September 2010, the Company adopted the Pre-IPO Share Option Scheme on 9 September 2010 (“Option Scheme Adoption Date”) and granted a total of 51,080,000 share options in total, representing approximately 1.54% of the total issued shares of the Company as at 31 December 2013. The purpose of the Pre-IPO Share Option Scheme is to provide an incentive for the employees of the Company, our subsidiaries and associated project companies to work with commitment towards enhancing the value of the Company and its Shares for the benefit of our shareholders. The principal terms and conditions of the Pre-IPO Share Option Scheme are set out as below:

(a) the subscription price per share under the Pre-IPO Share Option Scheme is at a discount of 20% to the offer price;

(b) the total number of Shares which may be issued upon the exercise of all Pre-IPO Share Options is 51,080,000 Shares, representing approximately 1.67% of the total issued share capital of the Company immediately following the completion of the issue of 2,230,000,000 Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of the Company (“Capitalization Issue”) and our Global Offering (assuming that the options under the pre-IPO share option schemes of the Company have been exercised in full);

(c) the Pre-IPO Share Option Scheme and the grant of Pre-IPO Share Options are conditional upon the Listing Committee of the Stock Exchange approving the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Pre-IPO Share Options and the commencement of dealing in the Shares on the Stock Exchange. Such approval has already been granted as at the date of this annual report;

(d) save for options which have been conditionally granted (details of which are set out below), no further options will be offered or granted as the right to do so will end upon the completion of the Global Offering;

(e) the Pre-IPO Share Options are valid for four years commencing from the Option Scheme Adoption Date;

(f) the Pre-IPO Share Options may not be exercised until after the expiry of a period of one year commencing on the Option Scheme Adoption Date; and

(g) the Pre-IPO Share Options granted to each grantee shall vest in accordance with the following schedule:

Vesting period	Percentage of the options
Upon the first anniversary date of the Option Scheme Adoption Date	30%
Upon the second anniversary date of the Option Scheme Adoption Date	an additional 30% (i.e. up to 60%)
Upon the third anniversary date of the Option Scheme Adoption Date	an additional 40% (i.e. up to 100%)

The Pre-IPO Share Options, once vested, shall be exercisable within a period of three years from the first anniversary of the Option Scheme Adoption Date.

A Pre-IPO Share Option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option (except that the grantee may nominate a nominee, of which the grantee is the sole beneficial owner, in whose name the Shares issued pursuant to the Pre-IPO Share Option Scheme may be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding option or any part thereof to the extent not already exercised.

As of the date of this annual report, options to subscribe for an aggregate of 51,080,000 Shares, representing approximately 1.67% of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the options under the pre-IPO share option schemes of the Company have been exercised in full), have been conditionally granted to 121 grantees, for nominal consideration of HK$1.00 paid by each grantee, under the Pre-IPO Share Option Scheme. The exercise price per Share shall be equal to HK$2.784, being 80% of the offer price of the Company's Shares in the initial public offering.

During the year ended 31 December 2013, several senior management and employees of the Company exercised an aggregate of 2,486,000 Pre-IPO Share Options under the Pre-IPO Share Option Scheme, at an exercise price of HK$2.784 per share. The weighted average closing price of the share immediately before the date of exercise was HK$6.28 per share.

Particulars of the grantees under the Pre-IPO Share Option Scheme and the number of options granted to them are set forth below:

Name of grantee	Number of options granted on 9 September 2010	Approximate percentage of total issued shares of the Company upon exercise of all options *(Note 1)*	Number of outstanding options as at 1 January 2013	Number of exercised options during 12 months ended 31 December 2013	Number of cancelled options during 12 months ended 31 December 2013	Number of lapsed options during 12 months ended 31 December 2013	Number of outstanding options as at 31 December 2013
Directors							
Mr. Sun Hongbin *(Note 2)*	3,600,000	0.11%	3,600,000	–	–	–	3,600,000
Mr. Wang Mengde	3,300,000	0.10%	3,300,000	–	–	–	3,300,000
Mr. Li Shaozhong	3,600,000	0.11%	3,600,000	–	–	–	3,600,000
Mr. Chi Xun	3,600,000	0.11%	3,600,000	–	–	–	3,600,000
Mr. Shang Yu	3,300,000	0.10%	3,300,000	–	–	–	3,300,000
Mr. Jing Hong	3,600,000	0.11%	2,200,000	–	–	–	2,200,000
Senior management and employees	30,080,000	0.91%	27,199,875	2,486,000	2,025,000	83,000	22,605,875
	51,080,000	**1.54%**	**46,799,875**	**4,594,000**	**–**	**–**	**42,205,875**

Notes:

(1) The percentage is calculated based on the number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (on the basis that the Over-allotment Option was not exercised but assuming that the options under the pre-IPO share option schemes of the Company have been exercised in full).

(2) Mr. Sun Hongbin is also the chief executive officer and a substantial shareholder of the Company.

Except for our Directors listed in the table above, none of the grantees under the Pre-IPO Share Option Scheme is a connected person of the Group. The weighted average value of options granted during the year has been disclosed in note 19 of the financial statements.

The Binomial valuation model was used to estimate the fair value of the option. It is one of the commonly used models to estimate the fair value of an option which can be exercised before the expiry of the option period. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved and adopted by all the shareholders of the Company at the annual general meeting held on 29 April 2011 (the "Adoption Date"). The purpose of which is to motivate the employees of the Company and its subsidiaries to diligently enhance the value of the Company and its shares for the benefit of all its shareholders, and to attract and retain the valuable employees who would make a contribution and be or may be beneficial to the growth and development of the Company. The principal terms and conditions of the Post-IPO Share Option Scheme are set out as follows:

(a) the maximum number of shares in respect of the share options that may be granted (the "Share Options") shall not exceed 99,900,000 shares, or 3.33% of the total issued shares as at the Adoption Date;

(b) The total number of shares issued or to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total shares in issue, except subject to shareholders' approval;

(c) the Post-IPO Share Option Scheme has been effective and valid for three years since the Adoption Date, unless it may be early terminated subject to the resolution of the Board;

(d) the Share Options shall be granted in accordance with the following schedule:

Grant Period		Percentage of the total issued shares as at the date approving the Post-IPO Share Option Scheme (e.g. 3,000,000,000 shares, the "Total Issued Shares")
The 1st Grant Period	(the year commencing from the Adoption Date)	1.33%;
The 2nd Grant Period	(the year commencing from the 1st anniversary of the Adoption Date)	1% of the total issued shares plus the Share Options not granted during the 1st Grant Period;
The 3rd Grant Period	(the year commencing from the 2nd anniversary of the Adoption Date)	1% of the total issued shares plus the Share Options not granted during the 1st Grant Period and the 2nd Grant Period;

(e) the subscription prices are subject to the absolute discretion of the Board of Directors which, however, shall not be lower than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of the offer of the Share Options ("Offer Date"); (ii) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares;

(f) the Share Options granted to each grantee shall vest in accordance with the following schedule:

Vesting Date	Percentage of the Share Options vested/to be vested on the Vesting Date
(1) The Share Options granted during the 1st Grant Period	
Grant Date	30%
Upon the first anniversary date of the commencement date of the 1st Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 1st Grant Period	An additional 40% (i.e. up to 100% in total)
(2) The Share Options granted during the 2nd Grant Period	
Grant Date	30%
Upon the first anniversary date of the commencement date of the 2nd Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 2nd Grant Period	An additional 40% (i.e. up to 100% in total)
(3) The Share Options granted during the 3rd Grant Period	
Grant Date	30%
Upon the first anniversary date of the commencement date of the 3rd Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 3rd Grant Period	An additional 40% (i.e. up to 100% in total)

The Post-IPO Share Options, once vested, shall be exercisable within a period of three years from the date of grant.

A Post-IPO Share Option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option (except that the grantee may nominate a nominee, of which the grantee is the sole beneficial owner, in whose name the Shares issued pursuant to the Post-IPO Share Option Scheme may be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding option or any part thereof to the extent not already exercised.

On 30 September 2011, the Company granted an aggregate of 39,900,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$1.484 per Share. The closing price of the Share immediately before the date of grant is HK$1.44 per Share.

On 21 May 2012, the Company granted an aggregate of 29,100,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$2.33 per share. The closing price of the shares immediately before the date of grant was HK$2.22 per share.

On 2 May 2013, the Company granted an aggregate of 30,900,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$6.32 per share. The closing price of the shares immediately before the date of grant was HK$6.26 per share.

Name of Grantee	Number of Share Options granted on 30 September 2011 *(Note 1)*	Number of Share Options granted on 21 May 2012 *(Note 2)*	Number of outstanding Share Options as at 1 January 2013	Number of Share Options granted on 2 May 2013 *(Note 3)*	Number of exercised Share Options during 12 months ended 31 December 2013	Number of cancelled Share Options during 12 months ended 31 December 2013	Number of lapsed Share Options during 12 months ended 31 December 2013	Number of outstanding Share Options as at 31 December 2013
Directors								
Mr. Sun Hongbin *(Note 4)*	2,600,000	400,000	3,000,000	–	–	–	–	3,000,000
Mr. Wang Mengde	2,300,000	1,300,000	3,600,000	1,600,000	–	–	–	5,200,000
Mr. Li Shaozhong	2,300,000	1,200,000	3,500,000	1,300,000	–	–	–	4,800,000
Mr. Chi Xun	2,600,000	1,200,000	3,600,000	1,300,000	–	–	–	4,900,000
Mr. Shang Yu	2,300,000	1,200,000	3,500,000	1,300,000	–	–	–	4,800,000
Mr. Jing Hong	2,600,000	1,200,000	3,350,000	1,300,000	–	–	–	4,650,000
Senior management and employees	25,200,000	22,600,000	37,147,650	24,100,000	2,749,250	757,000	254,200	57,487,200
Total	**39,900,000**	**29,100,000**	**57,697,650**	**30,900,000**	**–**	**–**		**84,837,200**

Notes:

1. The exercise period is from 30 September 2011 to 28 April 2014 and the Share Options have vested in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 30 September 2011); (ii) the remaining 30% of the Share Options shall be vested on 29 April 2012; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2013. The closing price of the Company's shares listed on the SEHK immediately before the date on which the Share Options were granted was HK$1.44 per share.

2. The exercise period is from 21 May 2012 to 28 April 2015 and the Share Options shall vest in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 21 May 2012); (ii) the remaining 30% of the Share Options shall be vested on 29 April 2013; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2014. The closing price of the Company's shares listed on the SEHK immediately before the date on which the Share Options were granted was HK$2.22 per share.

3. The exercise period is from 2 May 2013 to 28 April 2016 and the Share Options shall vest in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 2 May 2013); (ii) the remaining 30% of the Share Options shall be vested on 29 April 2014; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2015. The closing price of the Company's shares listed on the SEHK immediately before the date on which the Share Options were granted was HK$6.26 per share.

4. Mr. Sun Hongbin is alo the chief executive officer and a substantial Shareholder of the Company.

On 17 March 2014, the terms of the Post-IPO Share Option Scheme and the terms of the Share Options granted pursuant thereto have been amended, the details of which were disclosed in the circular of the Company dated 28 February 2014.

Further, during the year ended 31 December 2013, several senior management and employees of the Company exercised an aggregate of 1,514,250 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$1.484 per share. The weighted average closing price of the shares immediately before the date of exercise was HK$5.90 per share.

During the year ended 31 December 2013, several senior management and employees of the Company exercised an aggregate of 1,235,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$2.33 per share. The weighted average closing price of the shares immediately before the date of exercise was HK$6.07 per share.

Except for the Directors listed in the table above, none of the grantees under the Post-IPO Share Option Scheme is a connected person of the Group.

The weighted average fair value of options granted during the year ended 31 December 2013 determined using the Binomial valuation model was HK$6.32 per option. The significant input into the model were weighted average share price of HK$6.32 at the grant date, exercise price of HK$6.32, volatility of 50.90%, dividend yield of 0.86%, an expected option life of 3 years and an annual risk-free interest rate of 0.16%. The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group. The amortization of share option of RMB38,680,000 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the year ended 31 December 2013, the Company had not adopted any share option schemes. Save as disclosed in this report, none of any share options were granted, exercised, cancelled and lapsed during the year ended 31 December 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 31 December 2013, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("the SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, are set out below:

(i) Interest in Shares of the Company and/or associated corporation

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares of the relevant company[1]	Approximate percentage of interest in the relevant company
Mr. Sun Hongbin	Interest in a controlled corporation[2]	The Company	1,589,549,451 (L)	47.87%
	Beneficial interest	Sunac International Investment Holding Ltd ("Sunac International")[3]		100%
Mr. Jing Hong	Beneficial interest	The Company	650,000 (L)	0.02%

Notes:

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

(2) Mr. Sun is the beneficial owner of 100% of the issued share capital of Sunac International and is deemed to be interested in the Shares held by Sunac International.

(3) Sunac International is our holding company and therefore an "associated corporation" of our Company within the meaning of Part XV of the SFO.

(ii) Interest in the underlying shares of our Company

Name of Director	Nature of Interest	Number of Underlying Shares(Note)	Approximate percentage of interest in the Company
Mr. Sun Hongbin	Beneficial interest(1)	6,600,000	0.20%
Mr. Wang Mengde	Beneficial interest(1)	8,500,000	0.26%
Mr. Li Shaozhong	Beneficial interest(1)	8,400,000	0.25%
Mr. Chi Xun	Beneficial interest(1)	8,500,000	0.26%
Mr. Shang Yu	Beneficial interest(1)	8,100,000	0.24%
Mr. Jing Hong	Beneficial interest(1)	6,850,000	0.21%

Note:

(1) The interests in the underlying shares are in relation to the options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme.

Save as disclosed herein, as at 31 December 2013, none of the Directors and chief executives of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 31 December 2013, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or underlying Shares(1)	Approximate percentage of shareholding
Sunac International	Beneficial interest	1,589,549,451(L)	47.87%
Bain Capital Sunac Limited	Beneficial interest	180,336,637(L)	5.43%
Bain Capital Asia Integral Investors, L.P.(2)	Interest in a controlled corporation	180,336,637(L)	5.43%
Bain Capital Asia Fund, L.P.(3)	Interest in a controlled corporation	180,336,637 (L)	5.43%
Bain Capital Partners Asia, L.P.(4)	Interest in a controlled corporation	180,336,637(L)	5.43%
Bain Capital Investors, LLC(5)	Interest in a controlled corporation	180,336,637(L)	5.43%

Notes:

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

(2) Bain Capital Asia Integral Investors, L.P. owns 99.48% of the shares in Bain Capital Sunac Limited.

(3) Bain Capital Asia Fund, L.P. owns 94.45% of the partnership interests in Bain Capital Asia Integral Investors, L.P.

(4) Bain Capital Partners Asia, L.P. is the general partner and owns 0.10% of the partnership interest in Bain Capital Asia Fund, L.P.

(5) Bain Capital Investors, LLC is the general partner of, and owns 0.10% of the partnership interest in, Bain Capital Partners Asia, L.P. and Bain Capital Asia Integral Investors, L.P.

Save as disclosed herein, as at 31 December 2013, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Shares of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the law of Cayman Islands being the jurisdiction in which the Company was incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

CONDITION OF SPECIFIC OBLIGATION TO BE PERFORMED BY THE CONTROLLING SHAREHOLDER UNDER A FACILITY AGREEMENT

Pursuant to Rule 13.18 of the Listing Rules, on 23 July 2013, the Company as one of the parent guarantors entered into the facility agreement with, among others, the borrower and the original lenders in relation to certain three-year term loan facilities in an aggregate amount of approximately US$400,000,000, which subject to the accession by any bank(s) to the facility agreement pursuant to the terms thereunder will be increased to an amount not exceeding an aggregate amount of approximately US$450,000,000. The facility agreement includes a term which requires the controlling shareholder of the Company to maintain a minimum percentage of shareholding in the Company.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, the Group had a total of 5,848 employees in Hong Kong and the PRC. For the year ended 31 December 2013, the staff cost of the Group was approximately RMB467 million.

The employees' remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff.

The Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme adopted by the Company on 9 September 2010 and 29 April 2011 respectively, the grant of share options on 21 May 2012 and the grant of share options on 2 May 2013 serve to provide incentives for, among others, the Group's employees to work with commitment for the Company, details of which are disclosed on pages 51 to 57 of this report. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the year ended 31 December 2013.

The emoluments of the Directors are firstly reviewed by the Remuneration Committee of the Board and then approved by the Board, having regard to the Director's skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

SUBSEQUENT EVENTS

Details of significant events after 31 December 2013 are set out in note 42 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year have been audited by Messrs. PricewaterhouseCoopers. A resolution for the reappointment of PricewaterhouseCoopers as the Company's auditor is to be proposed at the forthcoming annual general meeting of the Company.

For and on behalf of the Board
Sunac China Holdings Limited
Sun Hongbin
Chairman

Hong Kong, 24 March 2014

pwc 羅兵咸永道

To the shareholders of Sunac China Holdings Limited
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sunac China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 64 to 150, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, 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 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.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

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, 24 March 2014

Consolidated Balance Sheet

As at 31 December 2013

		As at 31 December	
	Note	2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	65,381	48,947
Investment properties	8	252,000	570,500
Intangible assets	9	234,234	308,500
Investments accounted for using the equity method	10	7,908,864	4,204,664
Prepayments for property projects		–	85,000
Deferred income tax assets	11	1,304,554	885,135
		9,765,033	6,102,746
Current assets			
Properties under development	12	40,694,597	37,697,620
Completed properties held for sale	13	17,411,712	8,703,708
Trade and other receivables	14	1,213,763	415,920
Amounts due from related companies	38(c)	9,755,363	3,062,408
Prepayments	15	2,505,811	2,689,111
Restricted cash	16	2,594,666	3,868,713
Cash and cash equivalents	17	13,414,017	8,394,026
		87,589,929	64,831,506
Total assets		97,354,962	70,934,252
EQUITY AND LIABILITY			
Equity attributable to owners of the Company			
Ordinary shares	18	285,055	260,341
Reserves	20		
– Proposed final dividend	41	635,681	260,730
– Others		12,684,567	8,967,941
		13,605,303	9,489,012
Non-controlling interests		4,606,015	2,505,164
Total equity		18,211,318	11,994,176

Consolidated Balance Sheet

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	23	20,871,569	9,942,480
Long-term payable		–	166,745
Deferred income tax liabilities	11	6,483,025	4,536,843
		27,354,594	14,646,068
Current liabilities			
Trade and other payables	21	12,402,014	7,115,809
Advanced proceeds from customers		13,647,124	15,145,978
Amounts due to related companies	38(c)	6,894,723	1,613,342
Amounts due to non-controlling interests	22	4,498,333	3,540,126
Current income tax liabilities		6,512,135	5,096,206
Borrowings	23	7,834,721	11,782,547
		51,789,050	44,294,008
Total liabilities		79,143,644	58,940,076
Total equity and liabilities		97,354,962	70,934,252
Net current assets		35,800,879	20,537,498
Total assets less current liabilities		45,565,912	26,640,244

The notes on pages 73 to 150 are an integral part of these consolidated financial statements.

The financial statements on pages 64 to 150 were approved by the Board of Directors on 24 March 2014 and were signed on its behalf.

Sun Hongbin
Director

Wang Mengde
Director

Balance Sheet

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	39	8,384,165	5,146,561
Current assets			
Amounts due from subsidiaries		28,005	156
Other receivables	14	739	9,491
Cash and cash equivalents	17	1,426,604	815,872
		1,455,348	825,519
Total assets		9,839,513	5,972,080
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary shares	18	285,055	260,341
Reserves	20		
– Proposed final dividend	41	635,681	260,730
– Others		3,369,029	2,896,713
Total equity		4,289,765	3,417,784
Liabilities			
Non-current liabilities			
Borrowings	23	5,408,889	2,459,390
Current liabilities			
Other payables	21	131,687	83,421
Amounts due to subsidiaries		9,172	11,485
		140,859	94,906
Total liabilities		5,549,748	2,554,296

Balance Sheet

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
Total equity and liabilities		**9,839,513**	5,972,080
Net current assets		**1,314,489**	730,613
Total assets less current liabilities		**9,698,654**	5,877,174

The notes on pages 73 to 150 are an integral part of these financial statements.

The financial statements on pages 64 to 150 were approved by the Board of Directors on 24 March 2014 and were signed on its behalf.

Sun Hongbin
Director

Wang Mengde
Director

Consolidated Income Statement

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
		Year ended 31 December	
Revenue	6	30,836,714	20,842,592
Cost of sales	24	(23,660,207)	(15,460,142)
Gross profit		7,176,507	5,382,450
Selling and marketing costs	24	(615,453)	(529,959)
Administrative expenses	24	(520,137)	(354,540)
Other income and gains	27	222,522	311,189
Other expenses	28	(145,473)	(1,894)
Operating profit		6,117,966	4,807,246
Finance income	30	74,529	29,168
Finance costs	30	(580,277)	(113,101)
Finance costs – net	30	(505,748)	(83,933)
Share of profit/(loss) of investments accounted for using equity method, net	10	72,231	(38,785)
Profit before income tax		5,684,449	4,684,528
Income tax expenses	31	(2,190,622)	(2,069,788)
Profit for the year		3,493,827	2,614,740
Profit attributable to:			
– Owners of the Company		3,178,403	2,607,300
– Non-controlling interests		315,424	7,440
		3,493,827	2,614,740
Earnings per share attributable to owners of the Company (expressed in RMB per share):			
Basic earnings per share	32	0.96	0.87
Diluted earnings per share	32	0.95	0.86

The notes on pages 73 to 150 are an integral part of these consolidated financial statements.

	Note	2013 RMB'000	2012 RMB'000
Dividends	41	635,681	260,730

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

		Year ended 31 December	
		2013	2012
	Note	RMB'000	RMB'000
Profit for the year		3,493,827	2,614,740
Other comprehensive income			
Redemption of available-for-sale financial assets		–	(212)
Total comprehensive income for the year		3,493,827	2,614,528
Attributable to:			
– Owners of the Company		3,178,403	2,607,088
– Non-controlling interests		315,424	7,440
Total comprehensive income for the year		3,493,827	2,614,528

The notes on pages 73 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

		Attributable to owners of the Company				
	Note	Ordinary shares RMB'000 (Note 18)	Reserves RMB'000 (Note 20)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012		259,112	6,791,875	7,050,987	354,728	7,405,715
Total comprehensive income		–	2,607,088	2,607,088	7,440	2,614,528
Transactions with owners, recognised directly in equity						
Acquisition of new subsidiaries		–	34,237	34,237	1,769,196	1,803,433
Transactions with non-controlling interests		–	(22,335)	(22,335)	373,800	351,465
Employees share option schemes:						
– Value of employee services	26	–	31,266	31,266	–	31,266
– Proceeds from shares issued		1,229	22,978	24,207	–	24,207
Dividends relating to 2011		–	(236,438)	(236,438)	–	(236,438)
		1,229	(170,292)	(169,063)	2,142,996	1,973,933
Balance at 31 December 2012		260,341	9,228,671	9,489,012	2,505,164	11,994,176

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Note	Attributable to owners of the Company				
		Ordinary shares RMB'000 (Note 18)	Reserves RMB'000 (Note 20)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Total comprehensive income		–	3,178,403	3,178,403	315,424	3,493,827
Transactions with owners, recognised directly in equity						
Placing ordinary shares	18	24,294	1,594,257	1,618,511	–	1,618,551
Acquisition of new subsidiaries	37	–	–	–	540,449	540,449
Capital contribution from non-controlling interests		–	–	–	1,852,490	1,852,490
Transactions with non-controlling interests	36	–	(260,430)	(260,430)	(733,694)	(994,124)
Disposal of a subsidiary		–	(207,836)	(207,836)	126,182	(81,654)
Employees share option schemes:						
– Value of employee services	26	–	38,680	38,680	–	38,680
– Proceeds from shares issued		420	9,233	9,653	–	9,653
Dividends relating to 2012		–	(260,730)	(260,730)	–	(260,730)
		24,714	913,174	937,888	1,785,427	2,723,315
Balance at 31 December 2013		285,055	13,320,248	13,605,303	4,606,015	18,211,318

The notes on pages 73 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	11,114,007	11,197,190
PRC income tax paid		(2,790,084)	(1,687,978)
Net cash generated from operating activities		8,323,923	9,509,212
Cash flows from investing activities			
Purchases of property, plant and equipment ("PP&E")	7	(27,231)	(22,077)
Proceeds from disposals of PP&E		3,718	2,535
Acquisition of subsidiaries, net of cash settled	37	(9,567,280)	(2,473,246)
Transactions with non-controlling interests, net	36(c)	(1,034,677)	–
Proceed from disposal of a subsidiary		166,821	–
Investments in joint ventures and associates		(4,608,808)	(2,691,973)
Prepayments for acquisition of equity interests		–	(85,000)
Purchase of available-for-sale financial assets		–	(5,000)
Proceeds from redemption of available-for-sale financial assets		–	15,156
Net cash used in investing activities		(15,067,457)	(5,259,605)
Cash flows from financing activities			
Proceeds from borrowings		23,093,928	13,936,443
Proceeds from issue of senior notes, net		3,120,871	2,459,390
Issue of ordinary shares as a result of placing	18	1,618,551	–
Issue of ordinary shares according to share option schemes		9,653	23,512
Contributions from non-controlling interests		1,852,490	1,341,309
Repayments of borrowings		(18,242,609)	(12,639,055)
Interest paid		(2,500,102)	(1,817,289)
Cash advances from joint ventures and associates	38(b)	2,457,131	–
Restricted cash guaranteed for bank borrowings	16	701,555	(1,685,857)
Dividends paid	41	(260,730)	(236,438)
Net cash generated from financing activities		11,850,738	1,382,015
Net increase in cash and equivalents		5,107,204	5,631,622
Cash and cash equivalents at beginning of year		8,394,026	2,763,386
Effect of exchange difference		(87,213)	(982)
Cash and cash equivalents at end of year	17	13,414,017	8,394,026

The notes on pages 73 to 150 are an integral part of these consolidated financial statements.

1 General information

Sunac China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 27 April 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (together the "Group") are principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC"). The Company is an investment holding company. The address of its registered office is Landmark Square, 3rd floor, 64 Earth Close, P. O. box 30592, Grand Cayman KY1-1203, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 7 October 2010.

These financial statements are presented in Renminbi ("RMB") unless otherwise stated. These financial statements have been approved for issue by the board of directors of the Company on 24 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.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 23.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the Group:

Amendment to Hong Kong Accounting Standards ("HKAS") 1, "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

HKAS 19, "Employee benefits" was revised in June 2011. The changes on the Group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Amendment to HKFRS 7, "Financial instruments: Disclosures", on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

HKFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 11, "Joint arrangements" focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

HKFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

HKFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS.

Amendments to HKAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives raise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other HKFRS or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

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.

(a) Business combinations

The Group applies 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 owners 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

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.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint ventures or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

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 and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2012. Under HKFRS 11 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 ventures 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. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012. The change in the accounting policy had no material impact to the Group.

2 Summary of significant accounting policies (continued)

2.4 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount adjacent to "share of profit investments accounted for using equity method" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2.5 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "Other gains – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(c) *Group companies*

The results and financial position of all the Group entities (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:

(i) assets and liabilities for each balance sheet presented at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) 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. Currency translation differences arising are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less 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 appropriately 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the year 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:

Vehicles	5 years
Furniture and office equipment	5 years
Leasehold improvements	Over the shorter of 5 years or the lease periods

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains – net" in the income statement.

2.8 Investment properties

Investment properties, principally comprising properties that are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related development costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date 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 method such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually at each balance sheet date by independent valuers. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "Other gains – net".

2 Summary of significant accounting policies (continued)

2.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over Sunac China Holdings Limited's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.10 Land use rights

All land in the PRC is state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

2.12 Financial assets

2.12.1 Classification

The Group's financial assets are loans and receivables. 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. The Group's loans and receivables comprise trade and other receivables, restricted cash and cash and cash equivalent in the balance sheet.

2.12.2 Recognition and measurement

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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.12.3 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.

2.13 Impairment of financial assets carried at amortized cost

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.

2 Summary of significant accounting policies (continued)

2.13 Impairment of financial assets carried at amortized cost (continued)

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 recognized in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

2.14 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

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

2.15 Completed properties held for sale

Completed properties remaining unsold as at the balance sheet dates 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.

2 Summary of significant accounting policies (continued)

2.16 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.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.18 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.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

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

2 Summary of significant accounting policies (continued)

2.20 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns 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)

2.22 Current and deferred income tax (continued)

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, 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 tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date 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.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

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.

2 Summary of significant accounting policies (continued)

2.23 Employee benefits

(a) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

(b) *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 governments.

2.24 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity 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).

2 Summary of significant accounting policies (continued)

2.24 Share-based payments (continued)

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.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

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 income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.25 Provisions

Provisions for restructuring costs and legal claims 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. Restructuring provisions comprise lease termination penalties and employee termination payments. 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 assessment 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.

2 Summary of significant accounting policies (continued)

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and recoverability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets as "Advanced proceeds from customers" within current liabilities.

(b) *Rental income*

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(c) *Property management*

Property management services income is recognised when the services are provided, the total amount of revenue and costs arising from provision of the services can be estimated reliably, and it is probable that the economic benefits associated with the transaction will flow in.

(d) *Interest income*

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan or receivables is recognised using the original effective interest rate.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2 Summary of significant accounting policies (continued)

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the year necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.28 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the year of the lease.

The Group leases certain property, plant and equipment at the lessee. Leases of property, plant and equipment 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. 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 income statement 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 property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.29 Dividend distribution

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

2 Summary of significant accounting policies (continued)

2.30 Insurance contracts

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specific uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

The Group assesses at each reporting date whether its guarantee insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flow, the entire deficiency is recognised in the consolidated income statement.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in the PRC. The foreign currency balances as at 31 December 2013 were primarily related to bank deposits, borrowings and the senior notes denominated in United States dollar ("USD") or Hong Kong dollar ("HKD"). The Group currently does not have a foreign currency hedging policy.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Assets		
HKD	215,426	11,809
USD	1,214,265	800,402
	1,429,691	812,211
Liabilities		
HKD	1,410,497	–
USD	6,380,623	2,459,390
	7,791,120	2,459,390

As at 31 December 2013, if RMB strengthened/weakened by 5% against the non-functional currency with all other variables held constant, post-tax profit for the year would have been RMB239 million (2012: RMB62 million) higher/lower.

(ii) Price risk

The Group is not exposed to equity securities price or commodity price risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. During 2013, the Group's borrowings were denominated in RMB, USD and HKD.(2012: RMB and USD).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the table are the liabilities at carrying amounts, categorised by maturity dates.

	Floating rates			Fixed rates			Total
RMB'million	Less than 1 year	1 to 5 years	Sub-total	Less than 1 year	1 to 5 years	Sub-total	
Borrowings							
At 31 December 2013	2,762	8,225	10,987	5,072	12,647	17,719	28,706
At 31 December 2012	8,149	3,509	11,658	3,634	6,433	10,067	21,725

As at 31 December 2013, if the interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the post-tax profit and capitalised interest for the year would have been lower/higher by RMB19.5 million and RMB55.9 million (As at 31 December 2012: RMB5.7 million and RMB68.7 million) respectively.

The Group's management team centrally authorises all loans entered into by operating entities and sets a benchmark interest rate within which the entity management teams can negotiate loans with their local lenders prior to obtaining central approval from the Group management. The interest rate benchmark is reassessed annually by the Group management team.

The Group also analyses its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Letting of commercial properties is limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank and trade and other receivables.

Credit risk is managed by the Group management team, together with the central treasury team. Credit risk arises from cash and cash equivalents, restricted cash deposited with banks, trade and other receivables due from related parties and third parties, notes receivables, as well as credit exposures to commercial customers who let space in our investment properties.

Certain customers of the Group have arranged bank financing for their purchases of the properties. The Group entities have provided guarantees to secure obligations of such customers for repayments, normally up to the time when the customers obtain the legal certificates of the property ownership. Detailed disclosure of these guarantees is made in Note 35(a).

(c) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitor 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. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2013 include: (1) proceeds from pre-sales in 2014 is expected to be higher than that of 2013; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2013 and (4) no breach of debt covenants is anticipated in 2014.

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. These include adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, 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.

Due to the dynamic nature of the underlying businesses, the Group's central treasury department maintains flexibility in funding by its ability to move cash and cash equivalents between different entities through entrusted loan arrangements.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

In RMB' million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Group				
At 31 December 2013				
Borrowings	10,414	12,193	9,741	32,348
Trade and other payables (Note 21)	11,779	–	–	11,779
Amounts due to related companies (Note 38(c))	6,895	–	–	6,895
Amount due to non-controlling interests (Note 22)	4,498	–	–	4,498
Financial guarantee (Note 35(a))	7,242	–	–	7,242
At 31 December 2012				
Borrowings	13,686	4,598	7,709	25,993
Trade and other payables (Note 21)	6,554	–	–	6,554
Amount due to non-controlling interests (Note 22)	3,540	–	–	3,540
Amounts due to related companies (Note 38(c))	1,613	–	–	1,613
Financial guarantee (Note 35(a))	5,124	–	–	5,124

Note:

– Borrowings include the principal amounts and interests.

– Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

3 Financial risk management (continued)

3.2 Capital management

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 equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents (including restricted cash).

The gearing ratios of the Group as at 31 December 2013 and 2012 were as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Total borrowings (Note 23)	28,706,290	21,725,027
Less: Restricted cash (Note 16)	(2,594,666)	(3,868,713)
Cash and cash equivalents (Note 17)	(13,414,017)	(8,394,026)
Net debts	12,697,607	9,462,288
Total equity	18,211,318	11,994,176
Gearing ratio	69.7%	78.9%

The directors of the Company are of the view that the Group's gearing ratio is healthy.

4 Fair value estimation

The carrying value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) PRC corporate income taxes and deferred taxation

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax and withholding tax on undistributed earnings of PRC subsidiaries. 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 (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference is made.

Deferred 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.

(b) PRC land appreciation taxes

The Group is subject to land appreciation taxes ("LAT") in numerous jurisdictions. However, since the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, 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 its understanding of the interpretation of tax rules by various tax authorities. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income taxes and deferred income tax provisions in the years in which such taxes have been finalised with local tax authorities.

(c) Estimated net realizable value 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 based on the net realisable value of these properties, taking into account costs to completion based on past experience and 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 judgement and estimates. If the estimated future selling prices had been 5% lower, the Group would have recognised further impairment against properties under development and completed properties held for sale and the net profit for the year ended 31 December 2013 would have decreased by RMB39 million.

6 Segment information

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources. The executive directors of the Company have determined the operating segments based on these reports. The executive directors assess the performance of property development, property investment business and property management business respectively. The performance of the operating segments is assessed based on a measure of profit/(loss) before income tax.

Segment assets primarily consist of all assets excluding deferred income tax assets and segment liabilities primarily consist of all liabilities excluding deferred income tax liabilities and current income tax liabilities.

The analysis of the Group's profit/(loss) before income tax by segment is as follows:

	Year ended 31 December 2013		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	30,596,343	290,367	30,886,710
Inter-segment revenue	–	(49,996)	(49,996)
Revenue from external customers	30,596,343	240,371	30,836,714
Segment gross profit/(loss)	7,221,265	(44,758)	7,176,507
Selling and marketing costs	(605,671)	(9,782)	(615,453)
Administrative expenses	(481,628)	(38,509)	(520,137)
Other income and gains	216,931	5,591	222,522
Other expenses	(143,913)	(1,560)	(145,473)
Finance income	74,529	–	74,529
Finance costs	(580,277)	–	(580,277)
Share of profit of investments accounted for using equity method, net	72,231	–	72,231
Profit/(loss) before income tax	5,773,467	(89,018)	5,684,449

	As at 31 December 2013		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	95,909,375	141,033	96,050,408
Total segment liabilities	65,905,140	243,344	66,148,484

6 Segment information (continued)

	Year ended 31 December 2012		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	20,671,215	171,377	20,842,592
Inter-segment revenue	–	–	–
Revenue from external customers	20,671,215	171,377	20,842,592
Segment gross profit/(loss)	5,421,794	(39,344)	5,382,450
Selling and marketing costs	(529,072)	(887)	(529,959)
Administrative expenses	(329,323)	(25,217)	(354,540)
Other income and gains	309,721	1,468	311,189
Other expenses	(1,213)	(681)	(1,894)
Finance income	29,168	–	29,168
Finance costs	(113,101)	–	(113,101)
Share of loss of investment accounted for using equity method, net	(38,785)	–	(38,785)
Profit/(loss) before income tax	4,749,189	(64,661)	4,684,528

	As at 31 December 2012		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	69,962,949	86,168	70,049,117
Total segment liabilities	49,155,085	151,942	49,307,027

6 Segment information (continued)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Total segment assets	96,050,408	70,049,117
Deferred income tax assets	1,304,554	885,135
Total assets per balance sheet	97,354,962	70,934,252
Total segment liabilities	66,148,484	49,307,027
Deferred income tax liabilities	6,483,025	4,536,843
Current income tax liabilities	6,512,135	5,096,206
Total liabilities per balance sheet	79,143,644	58,940,076

7 Property, plant and equipment

	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Year ended 31 December 2012				
At 1 January 2012	15,685	8,342	4,130	28,157
Additions	13,182	4,604	4,291	22,077
Acquisition of subsidiaries	5,263	3,308	72	8,643
Disposals	(630)	(579)	(15)	(1,224)
Depreciation charges	(6,162)	(1,443)	(1,101)	(8,706)
At 31 December 2012	27,338	14,232	7,377	48,947
At 31 December 2012				
Cost	44,490	23,484	11,124	79,098
Accumulated depreciation	(17,152)	(9,252)	(3,747)	(30,151)
Net book amount	27,338	14,232	7,377	48,947
Year ended 31 December 2013				
At 1 January 2013	27,338	14,232	7,377	48,947
Additions	17,713	6,070	3,448	27,231
Acquisition of subsidiaries	2,893	2,487	8,625	14,005
Disposals	(2,217)	(992)	(866)	(4,075)
Depreciation charges	(9,132)	(7,436)	(4,159)	(20,727)
At 31 December 2013	36,595	14,361	14,425	65,381
At 31 December 2013				
Cost	62,879	31,049	22,331	116,259
Accumulated depreciation	(26,284)	(16,688)	(7,906)	(50,878)
Net book amount	36,595	14,361	14,425	65,381

Depreciation charges of the Group for each of the years ended 31 December 2013 and 2012 were expensed in cost of sales, selling and administrative expenses in the consolidated income statements.

8 Investment properties

Commercial properties and car parks at fair value	2013 RMB'000	2012 RMB'000
Opening balance at 1 January	570,500	551,500
Net gains from fair value adjustment	4,000	19,000
Disposals	(322,500)	–
Closing balance at 31 December	252,000	570,500

The Group measures its investment properties at fair value. The fair value of the Group's investment properties at 31 December 2013 has been determined on the basis of valuations carried out by an independent valuers, DTZ Debenham Tie Leung Ltd. ("DTZ"). The valuations are derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

The Group's investment properties are all completed commercial properties and car parks located in Tianjin. The fair values of completed commercial properties in Tianjin are generally derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

(a) Amounts recognised in profit or loss for investment properties

The following amounts have been recognized in the profit or loss:

	2013 RMB'000	2012 RMB'000
Gain from disposals of investment properties	61,730	–
Gain from fair value of investment properties	4,000	19,000
Gain from disposals and valuation of investment properties (Note 27)	65,730	19,000
Rental income	31,693	16,857
Operating expenses	(3,421)	(2,877)
	94,002	32,980

Note:

The Group disposed certain investment properties with carrying value of RMB322.5 million to independent third parties, which resulted in a net gain of RMB61.7 million.

8 Investment properties (continued)

(b) Information about fair value measurements using significant unobservable inputs

	Fair value at 31 December 2013 RMB'000	Valuation method	Prevailing market rents per unit per month	Discount rates
			Range of significant unobservable inputs	
Commercial properties	180,000	Discounted cash flow	35 to 113	4% to 8.5%
Car park under commercial properties	72,000	Discounted cash flow	12	4% to 8.5%

Discount rate is assessed by DTZ based on the risk profile of the properties being valued.

The following tables show the sensitivity of the fair value of the investment properties to the key assumption of discount rate that should the director's estimates to increase or decrease by 10%.

	Year ended 31 December 2013	
	Favourable change by 10% RMB'000	Unfavourable change by 10% RMB'000
Fair value	17,000	(16,000)

Investment properties that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At December 31 2013, all the commercial properties and car parks are included in Level 3.

8 Investment properties (continued)

(c) Leasing arrangement

Some of the investment properties are leased to tenants under long-term operating leases. Minimum rentals receivable under non-cancellable operating leases of investment properties not recognised in the financial statements are as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Within 1 year	2,019	22,166
Later than 1 year but no later than 5 years	4,266	72,121
Later than 5 years	–	129,694
	6,285	223,981

As at 31 December 2013, no investment property was pledged as collateral for the Group's borrowings (31 December 2012: RMB207 million).

9 Intangible assets

	31 December 2013 RMB'000	31 December 2012 RMB'000
Goodwill (Note (a))	233,694	301,805
Others	540	6,695
	234,234	308,500

9 Intangible assets (continued)

(a) Goodwill

	2013 RMB'000	2012 RMB'000
At beginning of the year	301,805	300,958
Acquisition of new subsidiaries (Note 37(a) and (b))	56,134	847
Impairment charges (Note 28)	(124,245)	–
At end of the year	233,694	301,805

Goodwill was generated from business combination and allocated to each project or a group of projects, which is expected to benefit from the synergies of the combination. Each project or a group of projects is identified as a CGU. Management reviews the business performance and monitors the goodwill on individual CGU basis by using the discounted cash flow method. A discount rate of 15% was used for the analysis of each CGU in the operating entities as at 31 December 2013 (31 December 2012: 15%).

10 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Joint ventures	4,925,337	1,081,184
Associates	2,983,527	3,123,480
	7,908,864	4,204,664

The amounts recognised in the income statement are as follows:

	2013 RMB'000	2012 RMB'000
Joint ventures	(118,558)	(30,438)
Associates	190,789	(8,347)
	72,231	(38,785)

10 Investments accounted for using the equity method (continued)

10.1 Investment in joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the movement of the carrying amount of the Group's investment in these joint ventures, and its share of results of these joint ventures.

An analysis of the movement of equity investments in joint ventures is as follows:

	2013 RMB'000	2012 RMB'000
At beginning of year	1,081,184	97
Investments in joint ventures	3,307,086	897,700
An associate became a joint venture (Note (i))	706,482	–
Increase investment in an existing joint venture (Note (ii))	181,300	–
Acquired through business combination	–	214,122
A joint venture became a subsidiary (Note (iii))	(205,490)	(297)
Dividend from a joint venture	(26,667)	–
Share of losses of joint ventures, net	(118,558)	(30,438)
At end of year	4,925,337	1,081,184

(i) On 7 January 2013, the Group acquired an additional 23.5% equity interest of a previously 23.5% owned associate, Tianjin TEDA City Development Co., Ltd. ("Tianjin TEDA City"), at a consideration of approximately RMB348.9 million. Upon completion of such acquisition, the Group's equity interest in Tianjin TEDA City increased to 47%, and it became a joint venture of the Group.

(ii) In May 2013, a 50% owned subsidiary of the Group, Shanghai Sunac Greentown Investment Holdings Limited ("Shanghai Sunac Greentown") increased capital contribution of RMB181.3 million to its 49% owned joint venture, Shanghai Poly Hongrong Real Estate Co., Ltd..

(iii) In January 2013, a 50% owned subsidiary of the Group, Shanghai Sunac Greentown acquired an additional 20% equity interest of its 37% owned joint venture, Changzhou Greentown Real Estate Co., Ltd. ("Changzhou Greentown"), from an independent third party at a consideration of RMB163 million. Upon completion of such acquisition, Changzhou Greentown became a subsidiary of the Group.

10 Investments accounted for using the equity method (continued)

10.1 Investment in joint ventures (continued)

As at 31 December 2013, the Group had interests in the following joint ventures:

Name of Joint ventures	Registered capital	Equity interest attributable to the Group	Principal Activities
Shanghai Ronglv Qiwei Real Estate Co., Ltd.	RMB410 million	25.5%	Real estate development
Shanghai Long Xiang Real Estate Development Co., Ltd.	RMB30 million	25%	Real estate development
Tianjin Tianfang Sunac Real Estate Co., Ltd.	RMB100 million	51%	Real estate development
Tianjin Beitang Sunac Investment Co., Ltd.	RMB100 million	50%	Real estate development
Summer Sky Investments Limited ("Summer Sky")	HKD100	49%	Investment
Hangzhou Shirong Huiying Real Estate Co. Ltd.	RMB927.105 million	49%	Real estate development
Hangzhou Wangjiangfu Real Estate Co., Ltd.	RMB650 million	50%	Real estate development
Beijing Franshion Sunac Real Estate Development Co., Ltd.	RMB100 million	49%	Real estate development
Beijing Sunac Jiaye Real Estate Development Co., Ltd.	RMB100 million	51%	Real estate development
Beijing Sunac Hengyu Real Estate Co., Ltd.	RMB2,500 million	51%	Real estate development
Tianjin TEDA City	RMB340 million	47%	Real estate development
Shanghai Poly Hongrong	RMB2,000 million	24.5%	Real estate development

10 Investments accounted for using the equity method (continued)

10.1 Investment in joint ventures (continued)

Name of Joint ventures	Registered capital	Equity interest attributable to the Group	Principal Activities
Shanghai Haochuan Property Co., Ltd.	RMB50 million	30.1%	Real estate development
Shanghai Haozhou Property Co., Ltd.	RMB5 million	30.1%	Real estate development
Suzhou Greentown Rose Garden Real Estate Development Co., Ltd.	RMB360 million	28.3%	Real estate development
Beijing Sunac Jiaxing Real Estate Development Co., Ltd.	RMB10 million	51%	Real estate development
Chongqing Sunac Kaixuan Real Estate Co., Ltd.	RMB540 million	51%	Real estate development
Ningbo Xinying Fund Investment Management Limited	RMB12 million	51%	Investment

Except for Summer Sky, which is incorporated in Hong Kong, all joint ventures of the Group are incorporated in the PRC. All joint ventures are non-listed companies.

10 Investments accounted for using the equity method (continued)

10.2 Investment in associates

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the movement of the carrying amount of the Group's investment in these associates, and its share of results of these associates.

An analysis of the movement of equity investments in associates is as follows:

	2013 RMB'000	2012 RMB'000
At beginning of year	3,123,480	979,753
Investments in associates (Note (i))	22,500	2,152,074
Share of profits/(losses) of associates, net	190,789	(8,347)
An associate became a joint venture (Note 10.1(i))	(353,242)	–
At end of year	2,983,527	3,123,480

All associates of the Group are incorporated in the PRC and are non-listed companies.

Note:

(i) In March 2013, the Group acquired 45% equity interest of Beijing Xingye Wanfa Real Estate Development Co., Ltd. ("Beijing Xingye Wanfa") at the cash consideration of RMB22.5 million. Beijing Xingye Wanfa is developing a property project in Beijing, the PRC.

10 Investments accounted for using the equity method (continued)

10.2 Investment in associates (continued)

As at 31 December 2013, the Group had interests in the following associates:

Name of associates	Registered capital RMB'000	Equity interest attributable to the Group	Principal activities
Beijing Poly Sunac Real Estate Development Co., Ltd	2,000,000	49.5%	Real estate development
Tianjin Poly Sunac Investment Co., Ltd.	2,000,000	49%	Real estate development
Wuxi Taihu Greentown Real Estate Co., Ltd.	300,000	19.5%	Real estate development
Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd.	100,000	24.5%	Real estate development
Shanghai Greentown Woods Golf Villas Development Co., Ltd.	196,080	50%	Real estate development
Beijing Xingye Wanfa	50,000	45%	Real estate development

11 Deferred income tax

	31 December 2013 RMB'000	31 December 2012 RMB'000
Deferred tax assets:		
– to be recovered within 12 months	895,927	257,958
– to be recovered after more than 12 months	408,627	627,177
	1,304,554	885,135
Deferred tax liabilities:		
– to be settled within 12 months	796,124	1,206,602
– to be settled after more than 12 months	5,686,901	3,330,241
	6,483,025	4,536,843
Deferred tax liabilities (net)	5,178,471	3,651,708

The movements in deferred income tax assets and liabilities are as follows:

(a) Deferred income tax assets

	Payments and accruals pending receipt of sufficient tax documents RMB'000	Deferred corporate income tax resulted from unpaid LAT RMB'000	Deductible tax loss RMB'000	Impairment for development properties RMB'000	Total RMB'000
At 1 January 2012	59,808	305,069	50,672	9,375	424,924
Credited/(charged) to income statement, net	(5,038)	274,833	81,410	45,717	396,922
Acquisition of subsidiaries	7,365	49,153	6,771	–	63,289
At 31 December 2012	62,135	629,055	138,853	55,092	885,135
Credited/(charged) to income statement, net	(6,376)	262,756	39,150	25,780	321,310
Acquisition of subsidiaries	3,954	44,586	49,569	–	98,109
At 31 December 2013	59,713	936,397	227,572	80,872	1,304,554

11 Deferred income tax (continued)

(b) Deferred income tax liabilities

	LAT on acquisition of new subsidiaries RMB'000	Deferred corporate income tax: Fair value gains on acquisitions RMB'000	Fair value gains of investment properties RMB'000	Prepaid LAT RMB'000	Withholding Tax for the distributable profits of PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2012	1,330,000	774,866	6,699	–	146,722	2,258,287
(Credited)/charged to income statement	–	(302,175)	769	–	83,389	(218,017)
Payment	–	–	–	–	(27,890)	(27,890)
Acquisition of subsidiaries	2,623,181	535,811	–	–	–	3,158,992
Transfer to land appreciation tax payable	(634,529)	–	–	–	–	(634,529)
At 31 December 2012	3,318,652	1,008,502	7,468	–	202,221	4,536,843
(Credited)/charged to income statement	–	(448,018)	(785)	70,923	55,404	(322,476)
Acquisition of subsidiaries	1,473,856	1,596,237	–	–	–	3,070,093
Transfer to land appreciation tax payable	(801,435)	–	–	–	–	(801,435)
At 31 December 2013	3,991,073	2,156,721	6,683	70,923	257,625	6,483,025

12 Properties under development

	31 December 2013 RMB'000	31 December 2012 RMB'000
Land use rights costs	29,024,905	25,314,913
Construction costs	8,901,818	9,610,200
Capitalised finance costs	2,794,874	2,801,894
Less: Provision for loss on realisable value	(27,000)	(29,387)
	40,694,597	37,697,620
To be completed within 12 months	11,269,582	17,030,430
To be completed after 12 months	29,425,015	20,667,190
	40,694,597	37,697,620

The properties under developments ("PUD") are all located in the PRC.

As at 31 December 2013, certain PUD amounting to RMB32,189 million were pledged as collateral for the Group's borrowings (31 December 2012: RMB22,361 million) (Note 23).

13 Completed properties held for sale

	31 December 2013 RMB'000	31 December 2012 RMB'000
Completed properties held for sale, gross	17,708,198	8,894,689
Less: Provision for loss on realisable value	(296,486)	(190,981)
Completed properties held for sale, net	17,411,712	8,703,708

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

As at 31 December 2013, certain completed properties held for sale with balances totalling RMB10,959 million were pledged as collaterals for the Group's borrowings (as at 31 December 2012: RMB5,010 million) (Note 23).

As at 31 December 2013, the Group is in the process of applying for the ownership certificate in respect of the completed car parks of RMB545 million (as at 31 December 2012: RMB242 million). The Directors consider that the title of car parks will be obtained in due course upon the completion of certain procedures with no additional cost to the Group.

14 Trade and other receivables – Group and Company

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2012 RMB'000
Trade receivables (Note (c))	50,876	32,066		
Notes receivables (Note (c))	2,400	105,293	–	–
Receivables from disposal of PUD (Note (d))	840,788	–	–	–
Other receivables				
– Deposits	200,367	219,658	–	–
– Others	119,332	58,903	739	9,491
	1,213,763	415,920	739	9,491

Note:

(a) As at 31 December 2013 and 2012, the carrying amounts of trade and other receivables approximated their fair value.

(b) The carrying amounts of the Group's other receivables are all denominated in RMB.

(c) The aging analysis of the Group's trade, notes receivables and receivables from disposal of PUD were all within 90 days as at 31 December 2013 and 2012.

(d) Receivables from disposal of PUD included a receivable of RMB800 million from the local government for the disposal of a land use right under development in a project of the Group in Shanghai, the PRC.

15 Prepayments

	31 December 2013 RMB'000	31 December 2012 RMB'000
Prepaid taxes		
– LAT	754,616	456,059
– Business tax and surcharge	736,866	832,329
– Current income tax	482,034	430,268
Prepayments for land use rights acquisition	480,165	943,966
Prepayments for project development costs	52,130	26,489
	2,505,811	2,689,111

The carrying amounts of the Group's prepayments are all denominated in RMB.

16 Restricted cash

	31 December 2013 RMB'000	31 December 2012 RMB'000
Guarantee deposits for bank loans	1,156,000	1,857,555
Restricted cash relating to operations (Note 33)		
– Restricted proceeds from pre-sale of properties	1,279,891	1,981,027
– Others	158,775	30,131
	1,438,666	2,011,158
	2,594,666	3,868,713

17 Cash and cash equivalents – Group and Company

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2012 RMB'000
Cash at bank and in hand				
– Denominated in RMB	11,984,326	7,581,815	10	3,661
– Denominated in USD	1,214,265	800,402	1,214,251	800,402
– Denominated in HKD	215,426	11,809	212,343	11,809
	13,414,017	8,394,026	1,426,604	815,872

17 Cash and cash equivalents – Group and Company (continued)

The conversion of RMB denominated balances into foreign currencies, and the remittance of foreign currencies-denominated bank balances and cash out of the PRC are subject to restrictive foreign exchange control rules and regulations.

The Group earns interest on cash at bank, at floating bank deposit rates and there was no bank overdraft in the Group.

18 Ordinary shares – Group and Company

	Number of shares	Ordinary shares	
	(thousands)	HK$'000	Equivalent to RMB'000
Authorised:			
Ordinary shares of HK$0.1 each			
As at 1 January 2012, 31 December 2012 and 31 December 2013	10,000,000	1,000,000	–
Issued:			
Ordinary shares of HK$0.1 each			
As at 31 December 2011	3,000,000	300,000	259,112
Proceeds from shares issued upon exercise of employees' share options	15,076	1,508	1,229
As at 31 December 2012	3,015,076	301,508	260,341
Placing ordinary shares (Note)	300,000	30,000	24,294
Proceeds from shares issued upon exercise of employees' share options	5,235	524	420
As at 31 December 2013	3,320,311	332,032	285,055

Note: On 21 January 2013, the Company issued 300 million shares of par value of HK$0.1 each. The subscription price was HK$6.70 per share. The total gross proceeds from the issue amounted to HK$2,010 million, equivalent to RMB1,627.7 million. The related transaction costs amounted to HK$11.3 million (equivalent to RMB9.1 million) have been netted off against the gross proceeds, and an amount of RMB1,594.3 million was credited to share premium (Note 20).

19 Share option schemes – Group and Company

(i) Pre-IPO share option scheme

The Company has adopted the Pre-IPO Share Option Scheme on 9 September 2010 ("Pre-IPO Option Scheme Adoption Date"). Under the Pre-IPO Share Option Scheme, the Company has conditionally granted options to subscribe for up to 51,080,000 shares, representing approximately 1.67% of the total number of ordinary shares in issue on fully diluted basis (assuming the options pursuant to the scheme have been exercised in full). Such options will vest in accordance with the following schedule: 30% upon the first anniversary of the Pre-IPO Option Scheme Adoption Date, an additional 30% upon the second anniversary and an additional 40% upon the third anniversary. As at 31 December 2013, all the share options have been vested within the Pre-IPO Share Option Scheme. The options are conditional on the employees' service in the Group as at the exercise dates. A grantee may exercise any vested portion of his or her options prior to the end of a period of four years from the Pre-IPO Adoption Date, as a subscription price per share equal to 80% of the offer price of the Company's shares in the initial public offering (i.e. 80% of HK$3.48).

(ii) Post-IPO share option scheme

A Post-IPO Share Option Scheme was approved and adopted by all shareholders of the Company on the annual general meeting held on 29 April 2011 (the "Post-IPO Option Scheme Adoption Date"). The maximum number of shares in respect of which options ("Options") may be granted should not exceed 99,900,000 shares, representing 3.33% of the total number of shares in issue as at the Post-IPO Scheme Adoption Date. The options are to be granted during a grant period of three years from the Post-IPO Option Scheme Adoption Date. Such options will vest in accordance with the following schedule: 30% upon the grant, an additional 30% upon the first anniversary of the Post-IPO Option Scheme Adoption Date and additional 40% upon the second anniversary. The options are not conditional on the employees' performance target before an option can be exercised. The subscription price for each grant should be at least the higher of (1) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on the grant dates, (2) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date, and (3) the nominal value of the shares of the Company. The Post-IPO Share Options, once vested, shall be exercisable within a period of three years from the Post-IPO Scheme Adoption Date or the most recent anniversary of the Post-IPO Scheme Adoption Date.

The Group has no legal or constructive obligation to repurchase or settle all above mentioned options in cash.

19 Share option schemes – Group and Company (continued)

(ii) Post-IPO share option scheme (continued)

Movement in the number of share options and their related weighted-average exercise prices are as follows:

	2013		2012	
	Average price in HK$ per share	Options (thousand)	Average price in HK$ per share	Options (thousand)
At beginning of year	2.28	105,004	2.21	90,980
Granted in the year	6.32	30,900	2.33	29,100
Exercised in the year	2.30	(5,235)	1.97	(15,076)
At end of year	3.23	130,669	2.28	105,004

As at 31 December 2013, 44,314 thousand shares in Pre-IPO share option scheme and 53,085 thousand shares in Post-IPO share option scheme were exercisable (2012: 26,368 thousand shares in Pre-IPO Share Option Scheme and 21,874 thousand shares in Post-IPO Share Option Scheme).

20 Reserves – Group and Company

	Note	Group Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Year ended 31 December 2012					
At 1 January 2012		1,783,783	341,529	4,666,563	6,791,875
Total comprehensive income		–	(212)	2,607,300	2,607,088
Acquisition of new subsidiaries		–	34,237	–	34,237
Transaction of non-controlling interests		–	(22,335)	–	(22,335)
Employees share option scheme:					
– Value of employee services	26	–	31,266	–	31,266
– Proceeds from shares issued	18	22,978	–	–	22,978
Dividend relating to 2011		(79,463)	–	(156,975)	(236,438)
Statutory reserve		–	98,960	(98,960)	–
At 31 December 2012		1,727,298	483,445	7,017,928	9,228,671
Year ended 31 December 2013					
At 1 January 2013		1,727,298	483,445	7,017,928	9,228,671
Total comprehensive income		–	–	3,178,403	3,178,403
Placing ordinary shares	18	1,594,257	–	–	1,594,257
Transaction of non-controlling interests	36	–	(260,430)	–	(260,430)
Disposal of a subsidiary		–	(207,836)	–	(207,836)
Employees share option scheme:					
– Value of employee services	26	–	38,680	–	38,680
– Proceeds from shares issued	18	9,233	–	–	9,233
Dividend relating to 2012	41	(260,730)	–	–	(260,730)
Transfer		–	(10,000)	10,000	–
At 31 December 2013		3,070,058	43,859	10,206,331	13,320,248

20 Reserves – Group and Company (continued)

		Company			
	Note	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Year ended 31 December 2012					
At 1 January 2012		1,783,783	1,465,226	(71,410)	3,177,599
Profit for the year		–	–	162,038	162,038
Employees share option scheme:					
– Value of employee services	26	–	31,266	–	31,266
– Proceeds from shares		22,978	–	–	22,978
Dividends relating to 2011		(79,463)	–	(156,975)	(236,438)
At 31 December 2012		1,727,298	1,496,492	(66,347)	3,157,443
Year ended 31 December 2013					
At 1 January 2013		1,727,298	1,496,492	(66,347)	3,157,443
Loss for the year		–	–	(534,173)	(534,173)
Placing ordinary shares	18	1,594,257	–	–	1,594,257
Employees share option scheme:					
– Value of employee services	26	–	38,680	–	38,680
– Proceeds from shares	18	9,233	–	–	9,233
Dividends relating to 2012	41	(260,730)	–	–	(260,730)
At 31 December 2013		3,070,058	1,535,172	(600,250)	4,004,710

Note:

(a) Statutory reserves

In accordance with the relevant government regulations in the PRC and the provisions of the articles of association of the PRC companies now comprising the Group, 10% of its net profit as shown in the accounts prepared under PRC accounting regulations is required to be appropriated to statutory common reserve, until the reserve reaches 50% of the registered capital. Appropriation of statutory reserve must be made before distribution of dividends to equity holders.

This reserve shall only be used to make up losses; to expand the Company's production operation; or to increase the capital of the Company.

Upon approval by a resolution of an equity holders' general meeting, the Company may convert this reserve into share capital, provided that the unconverted remaining amount of reserve is not less than 25% of the registered capital.

20 Reserves – Group and Company (continued)

Note: (continued)

(a) Statutory reserves (continued)

The PRC entities of the Group directly owned by the Group's entities outside the PRC are required, in accordance with relevant rules and regulations concerning foreign investment enterprise established in the PRC and the revised Articles of Association of these companies, to make appropriations from net profit to the reserve fund and staff and workers' bonus and welfare fund, after offsetting accumulated losses from prior year, and before profit distributions are made to investors. The percentage of profits to be appropriated to the above funds is solely determined by the board of directors of the PRC entities now comprising the Group. For those which are wholly foreign owned enterprises in the PRC, no less than 10% of the profit of each year to the reserve fund is mandatory. The appropriation of the statutory reserve ceases when the accumulated statutory reserve balance reaches 50% of their registered capital.

21 Trade and other payables – Group and Company

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2012 RMB'000
Trade payables (Note (a))	9,498,028	5,193,012	–	–
Notes payables	305,185	242,301	–	–
Payables for acquisition consideration (Note (b))	1,234,867	387,778	–	–
Other taxes payable	469,115	454,606	–	–
Interests payable	244,120	184,342	130,029	66,347
Advanced deed tax from customers	242,576	113,900	–	–
Payroll and welfare payables	153,987	107,233	–	–
Deposits from construction companies for tendering	68,304	130,350	–	–
Others	185,832	302,287	1,658	17,074
	12,402,014	7,115,809	131,687	83,421

21 Trade and other payables – Group and Company (continued)

Note:

(a) The ageing analysis of the Group's trade payables is as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Within 90 days	5,863,430	4,221,977
90-180 days	648,115	111,435
180-365 days	1,957,057	434,656
Over 365 days	1,029,426	424,944
	9,498,028	5,193,012

(b) The amount has been fully paid subsequent to the balance sheet date.

22 Amounts due to non-controlling interests

	31 December 2013 RMB'000	31 December 2012 RMB'000
Amounts due to non-controlling interests	4,498,333	3,540,126

The amount due to non-controlling interests was mainly due to the Group and the non-controlling interests provided funds to certain related property development subsidiaries through shareholders' loan according to the respective equity interests share. As at 31 December 2013 and 2012, the amounts due to non-controlling interests were non-interest bearing, unsecured and had no fixed terms of repayment.

23 Borrowings – Group and Company

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2012 RMB'000
Non-current				
Secured,				
– Bank borrowings	14,397,410	9,314,430	–	–
– Other borrowings	7,736,084	5,496,710	–	–
– Senior notes (Note (a))	5,408,889	2,459,390	5,408,889	2,459,390
	27,542,383	17,270,530	5,408,889	2,459,390
Less: Current portion of long-term borrowings (Note (b)(i))	(6,670,814)	(7,328,050)	–	–
	20,871,569	9,942,480	5,408,889	2,459,390
Current				
Secured,				
– Bank borrowings	45,000	255,000	–	–
– Other borrowings	1,000,100	1,800,690	–	–
Unsecured, borrowed from:				
– Other borrowings	118,807	2,398,807	–	–
Current portion of long-term borrowings (Note (b)(i))	6,670,814	7,328,050	–	–
	7,834,721	11,782,547	–	–
Total borrowings	28,706,290	21,725,027	5,408,889	2,459,390

23 Borrowings – Group and Company (continued)

(a) Senior notes

The Company issued senior notes ("Senior Notes") with principal of USD400 million and USD500 million in October 2012 and April 2013 respectively. The Senior Notes were listed on the Singapore Exchange Securities Trading Limited. The Senior Notes carry interest at the rates of 12.5% and 9.375% per annum respectively, payable semi-annually in arrears. The redemption prices are shown as below:

According to the terms of the Senior notes, at any time and from time to time on or after 16 October 2015, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interests, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 16 October of each of the years indicated below.

Redemption time	Redemption prices
USD400 million:	
Prior to 16 October 2015	112.5%
16 October 2015 to 15 October 2016	106.3%
16 October 2016 and thereafter	103.1%
USD500 million:	
Prior to 5 April 2016	
– Redemption up to 35%	109.4%
– Redemption in whole but not in part (Note (i))	100%+applicable premium
5 April 2016 to 31 December 2016	104.7%
2017 and thereafter	102.3%

Note (i): The applicable premium is the greater of (1) 1% of the principal amount and (2) the excess of the present value of 104.7% of the principal plus the scheduled interest cost amount for the period from the redemption date to 5 April 2016 over the principal amount at the redemption date and the fair value of the above early redemption option is not material on initial recognition and as at 31 December 2013.

These early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors are of the view that the Group has no plan of any early redemption and the fair value of the above early redemption option is not material on initial recognition and as at 31 December 2013.

23 Borrowings – Group and Company (continued)

(b) Long-term borrowings

(i) As at 31 December 2013, included in long-term borrowing, RMB4,459 million (2012: RMB1,657 million) of borrowings for property development projects will be due for payment upon an aggregated 30% – 80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB1,616 million (2012: RMB1,400 million) of borrowings will be due for repayment in the year ending 31 December 2014 and are included in current liabilities.

(ii) The Group's borrowings as at 31 December 2013 were repayable as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Between 1 and 2 years	11,211,104	3,496,929
Between 2 and 5 years	9,660,465	6,445,551
	20,871,569	9,942,480

The weighted-average effective interest rates for the year ended 31 December 2013 was 10.00% (2012: 10.23%).

The fair value of the long-term borrowings is almost the same with the carrying value at 31 December 2013.

(c) The exposure of the Group's borrowings with variable interest rates to interest-rate changes and the contractual re-pricing dates are as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
6 months or less	8,187,170	11,298,429
6 -12 months	2,640,000	360,000
Over 12 months	160,000	–
	10,987,170	11,658,429

(d) The carrying amounts of all the Group's borrowings (excluding senior notes) are denominated in RMB and approximate their fair values.

23 Borrowings – Group and Company (continued)

(e) As at 31 December 2013, the Group's borrowings of RMB28,587 million (as at 31 December 2012: RMB19,326 million) were secured or joint secured by certain Group's properties under development, completed properties held for sale and investment properties totalling RMB43,148 million (as at 31 December 2012: RMB27,578 million), the Group's equity interests of certain subsidiaries (including those legally transferred as collateral).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2012 RMB'000
RMB	20,915,170	19,265,637	–	–
HKD	1,410,497	–	–	–
USD	6,380,623	2,459,390	5,408,889	2,459,390
	28,706,290	21,725,027	5,408,889	2,459,390

24 Expenses by nature

	2013 RMB'000	2012 RMB'000
Costs of completed properties sold	21,416,879	14,089,752
Business tax and related surcharges	1,657,791	1,156,792
Staff costs (Note 26)	467,026	307,981
Advertisement and promotion costs	345,461	329,210
Consulting expenses	64,270	39,235
Depreciation and amortisation	23,921	14,894
Audit remuneration	4,800	4,100

25 Business tax and related surcharges

The PRC companies now comprising the Group are subject to business tax on their revenues at the following rates:

Type	Tax rate	Tax bases
Business tax	5%	– Sales of properties – Rental income – Property management services revenue
Urban construction and maintenance tax	7%	– Business tax paid
Education surcharge	3%	– Business tax paid
Local education surcharge	0%-2%	– Business tax paid
Anti-flood fund	0%-2%	– Business tax paid

26 Employee benefit expenses

	2013 RMB'000	2012 RMB'000
Wages and salaries	342,434	225,068
Pension costs	45,410	29,157
Staff welfare	40,502	22,490
Share options granted to directors and employees	38,680	31,266
	467,026	307,981

27 Other income and gains

	2013 RMB'000	2012 RMB'000
Gain from disposals and valuation of investment properties (Note 8(a))	65,730	19,000
Gain from disposal of a subsidiary	59,403	–
Government grants	32,327	10,390
Gain from business combination (Note 37(a) and (b))	7,833	154,916
Gain from acquisition of joint ventures and associates	7,272	119,957
Others	49,957	6,926
	222,522	311,189

28 Other expenses

	2013 RMB'000	2012 RMB'000
Impairment provision for goodwill (Note 9)	124,245	–
Others	21,228	1,894
	145,473	1,894

29 Directors' and senior management's emoluments

(a) Directors' and senior management's emoluments

The Directors' and senior management's emoluments are set out below:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share options expenses RMB'000	Other benefits including pension RMB'000	Compensation for loss of office as director RMB'000	Total RMB'000
Year ended 31 December 2013:							
Directors:							
Sun Hongbin	–	1,648	–	592	–	–	2,240
Wang Mengde	–	1,288	–	2,061	70	–	3,419
Li Shaozhong	–	1,209	–	1,827	70	–	3,106
Chi Xun	–	1,151	–	1,834	70	–	3,055
Shang Yu	–	1,171	–	1,788	70	–	3,029
Jing Hong	–	1,600	–	1,834	81	–	3,515
Zhu Jia	–	–	–	–	–	–	–
Hu Xiaoling	–	–	–	–	–	–	–
Poon Chiu Kwoh	236	–	–	–	–	–	236
Li Qin	236	–	–	–	–	–	236
Ma Lishan	236	–	–	–	–	–	236
Tse Chi Wai	236	–	–	–	–	–	236
Year ended 31 December 2012:							
Directors:							
Sun Hongbin	–	1,588	–	1,646	–	–	3,234
Wang Mengde	–	1,173	–	1,798	64	–	3,035
Li Shaozhong	–	1,028	–	1,864	64	–	2,956
Chi Xun	–	1,071	–	1,903	64	–	3,038
Shang Yu	–	1,051	–	1,766	64	–	2,881
Jing Hong	–	1,520	–	1,903	73	–	3,496
Zhu Jia	–	–	–	–	–	–	–
Hu Xiaoling	–	–	–	–	–	–	–
Poon Chiu Kwoh	243	–	–	–	–	–	243
Li Qin	243	–	–	–	–	–	243
Ma Lishan	243	–	–	–	–	–	243
Tse Chi Wai	–	–	–	–	–	–	–

29 Directors' and senior management's emoluments (continued)

(b) The five individuals whose emoluments were the highest in the Group included five directors (2012: five) for the year ended 31 December 2013, whose emoluments are reflected in the analysis presented in Note 29(a) above.

30 Finance income and costs

	2013 RMB'000	2012 RMB'000
Interest expenses	2,559,880	1,817,289
Other finance costs	8,709	10,977
	2,568,589	1,828,266
Less: Capitalised finance costs	(1,947,641)	(1,717,393)
	620,948	110,873
Exchange (gain)/loss	(40,671)	2,228
	580,277	113,101
Finance income:		
– Interest income on bank deposits	(74,529)	(29,168)
Net finance costs	505,748	83,933

The capitalisation rate used to determine the amount of the interest incurred eligible for capitalisation in 2013 was 7.42% (2012: 9.45%).

31 Income tax expenses

	2013 RMB'000	2012 RMB'000
Corporate Income Tax ("CIT")		
– Current income tax	1,933,751	1,552,488
– Deferred income tax	(643,786)	(614,939)
	1,289,965	937,549
LAT	900,657	1,132,239
	2,190,622	2,069,788

(a) CIT

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted-average tax rate applicable to profits of the consolidated entities as follows:

	2013 RMB'000	2012 RMB'000
Profit before income tax	5,684,449	4,684,528
Income tax calculated at the domestic tax rates applicable to profits in the respective countries	1,421,112	1,171,132
LAT deduction	(225,164)	(283,060)
Share of losses of investments accounted for using equity method, net	(18,058)	(9,697)
Income not subject to tax	(22,511)	(69,583)
Tax losses for which no deferred income tax assets was recognised	51,011	13,730
Non-deductible expenses	28,171	31,638
Withholding tax for distributable profits of PRC subsidiaries	55,404	83,389
	1,289,965	937,549

The weighted-average applicable tax rate was 25% (2012: 25%).

Pursuant to the applicable rules and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Company and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

31 Income tax expenses (continued)

(a) CIT (continued)

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% and the estimated assessable profits for the year ended 31 December 2013 based on existing legislations, interpretations and practices.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

(b) LAT

PRC 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 for land use rights and all property development expenditures. LAT is included in the consolidated income statements as income tax expense.

32 Earnings per share

(a) Basic

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

	2013	2012
Profit attributable to owners of the parent (RMB'000)	3,178,403	2,607,300
Weighted-average number of ordinary shares in issue (thousand)	3,301,899	3,004,581

32 Earnings per share (continued)

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issues assuming the exercise of the share options.

	2013	2012
Profit attributable to owners of the parent (RMB'000)	3,178,403	2,607,300
Weighted-average number of ordinary shares in issue (thousand)	3,301,899	3,004,581
Adjusted for share options (thousand)	59,757	31,555
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	3,361,656	3,036,136

33 Cash used in operations

	Note	2013 RMB'000	2012 RMB'000
Profit before income taxes		5,684,449	4,684,528
Adjustments for:			
– Finance costs	30	580,277	113,101
– Gain from business combination	37	(7,833)	(154,916)
– Gain from acquisition of joint ventures and associates	27	(7,272)	(119,957)
– Gain from disposal a subsidiary	27	(59,403)	–
– Gain on disposal of PP&E		(32)	(1,311)
– Gain on fair value change of investment properties	27	(4,000)	(19,000)
– Gain on disposal of financial assets		–	(156)
– Provision for goodwill	28	124,245	–
– Amortisation of intangible assets		6,155	6,188
– Depreciation		17,817	8,706
– Share of (profits)/losses from associates and joint ventures	10	(72,231)	38,785
– Value of employee services	26	38,680	31,266
Changes in working capital			
– Restricted cash for operations	16	572,492	(1,118,592)
– Properties under development and completed properties held for sale, net		1,909,128	1,959,263
– Trade and other receivables and prepayments, including amounts due from related companies		(175,981)	(2,568,595)
– Advanced proceeds from customers		(1,840,443)	(968,124)
– Trade and other payables, including amounts due to related companies		4,347,959	9,306,004
Cash generated from operations		11,114,007	11,197,190

34 Commitments

(a) Property development expenditures at the balance sheet date but not yet incurred is as follows:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Property development expenditure		
– Contracted but not provided for	3,169,223	9,435,282
– Authorised but not contracted	42,331,899	22,596,327
	45,501,122	32,031,609

(b) Investment

Investment in new associates		
– Contracted but not provided for	–	–
– Authorised but not contracted	3,177,830	473,200
	3,177,830	473,200
	48,678,952	32,504,809

(c) Operating lease commitments

The future aggregate minimum lease rental expense in respect of certain office buildings under non-cancellable operating leases contracts are payable in the following periods:

	31 December 2013 RMB'000	31 December 2012 RMB'000
No later than 1 year	10,407	3,162
Later than 1 year and no later than 5 years	31,910	18,464
Later than 5 years	8,243	–
	50,560	21,626

35 Financial guarantee

(a) Guarantee on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

	31 December 2013 RMB'000	31 December 2012 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	7,241,924	5,124,183

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) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the mortgage. The directors consider that the likelihood of default of payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) There was no corporate guarantee provided to the Group's subsidiaries by the Company in respect of bank borrowings as at 31 December 2013 (31 December 2012: nil). The directors consider the subsidiaries to be sufficiently financially resourced to settle their obligations.

36 Transactions with non-controlling interests

(a) Acquisition of additional interest in subsidiaries

	Additional equity interests in the subsidiary %	Carrying value of acquired equity at the transaction date RMB'000	Consideration of the transaction RMB'000	Changes in the equity attributable to the owners of the Company RMB'000
Wuxi Sunac City Construction Co., Ltd. ("Wuxi Sunac City")	28.57%	234,188	248,000	(13,812)
Chongqing Yejin Real Estate Development Co., Ltd. ("Chongqing Yejin")	20%	1,660	2,000	(340)
Changzhou Greentown	20%	269,016	318,887	(49,871)
Tianjin Sunac Mingxiang Investment Development Co., Ltd. ("Tianjin Sunac Mingxiang")	49.55%	389,476	585,657	(196,181)
Beijing Xishanhui Business Club Management Co., Ltd. ("Beijing Xishanhui")	20%	(126)	100	(226)
		894,214	1,154,644	(260,430)

(b) Disposal of equity interest to non-controlling interest without losing the control

	Disposed equity interests in the subsidiary %	Carrying value of disposed equity at the transaction date RMB'000	Consideration of the transaction RMB'000	Changes in the equity attributable to the owners of the Company RMB'000
Hangzhou Sunac Greentown Real Estate Development Co., Ltd. ("Hangzhou Sunac")	25%	160,520	160,520	–

36 Transactions with non-controlling interests (continued)

(b) Disposal of equity interest to non-controlling interest without losing the control (continued)

On 25 February 2013, the Group transferred 25% equity interest in originally wholly owned subsidiary, Hangzhou Sunac to Greentown Group at the cash consideration of RMB160.5 million. After the transaction, the Group controls 75% equity interest in Hangzhou Sunac and still has the control in the entity.

(c) Effect of Cash flow from transactions with non-controlling interests

	RMB'000
Acquisition of additional interest in subsidiaries	(1,154,644)
Disposal of equity interest to non-controlling interest without losing the control	160,520
Other fund transfer	(40,553)
	(1,034,677)

37 Business combinations

(a) Step acquisition

As disclosed in Note 10.1(iii), upon completion of the acquisition of additional 20% equity interest in Changzhou Greentown, at the consideration of RMB163 million, Changzhou Greentown became a 57% owned subsidiary of the Group.

	RMB'000
Re-measurement of previously held 37% equity interest	206,000
Book value of previously held interest	205,490
Gain on re-measurement	510

	RMB'000
Consideration for 20% equity interest of Changzhou Greentown	163,480
Add: Previously owned 37% equity interest	206,000
Less: Fair value of 57% of identifiable assets and liabilities	(334,410)
Goodwill	35,070

37 Business combinations (continued)

(b) Acquisition equity interests of other new subsidiaries

Acquiree	Note	Total consideration RMB'000	Fair value of net assets acquired RMB'000	Gain from transactions RMB'000	Goodwill RMB'000	Attributable to owners of the Company RMB'000
Elegant Trend Limited	(i)	7,996,100	7,975,036	–	21,064	10,532
Tianjin Rongzheng Investment Limited ("Tianjin Rongzheng")	(ii)	1,148,468	1,149,617	1,149	–	1,149
Hangzhou Guorong Zhidi Co., Ltd. ("Hangzhou Guorong")	(iii)	507,818	513,992	6,174	–	6,174
		9,652,386	9,638,645	7,323	21,064	17,855

(i) In July 2013, a 50% owned subsidiary of the Company, Sunac Greentown Investment Holdings Limited ("Sunac Greentown Investment"), acquired Elegant Trend Limited from an independent third party shareholder and a receivable of RMB2,319.4 million due from Elegant Trend Limited by the seller, at a total consideration of RMB7,996 million. Upon completion of the transaction, Elegant Trend Limited became a subsidiary of the Company.

(ii) In July 2013, a wholly owned subsidiary of the Company, Tianjin Sunac Dingsheng Zhidi Co., Ltd. ("Tianjin Sunac Dingsheng"), acquired 100% equity interest of Tianjin Rongzheng from an independent third party shareholder and a receivable of RMB644 million due from Tianjin Rongzheng by the seller at a total consideration of RMB1,148 million. Upon the completion of this transaction, Tianjin Rongzheng became a wholly owned subsidiary of the Company.

(iii) In August 2013, a wholly owned subsidiary of the Company, Tianjin Sunac Ao Cheng Investment Co., Ltd. ("Tianjin Sunac Ao Cheng"), acquired 60% equity interest of Hangzhou Guorong, from an independent third party and a receivable of RMB61.6 million due from Hangzhou Guorong by the seller, at a total consideration of RMB507.8 million. Upon the completion of this transaction, Hangzhou Guorong became a 60% owned subsidiary of the Company.

37 Business combinations (continued)

(b) Acquisition equity interests of other new subsidiaries (continued)

The fair value of the identifiable assets and liabilities, and the cash and cash equivalent impact, arising from the acquisitions set out in (a) and (b) are briefly summarized as follows:

	Changzhou Greentown RMB'000	Elegant Trend Limited RMB'000	Tianjin Rongzheng RMB'000	Hangzhou Guorong RMB'000	Total RMB'000
Cash and cash equivalents	44,451	120,424	–	3,711	168,586
Property, plant and equipment	3,036	10,883	–	86	14,005
Intangible assets	–	50	–	–	50
Properties under development	1,628,539	5,314,000	1,800,000	1,000,000	9,742,539
Completed properties held for sale	–	6,010,000	–	–	6,010,000
Deferred tax assets	35,299	56,945	–	5,865	98,109
Other receivables	737,231	88,620	–	1,341	827,192
Trade and other payables	(818,492)	(2,910,095)	(644,468)	(126,456)	(4,499,511)
Current income tax liabilities	–	(242,071)	–	–	(242,071)
Advanced proceeds from customers	(425,723)	–	–	–	(425,723)
Borrowings	(485,000)	–	(650,000)	–	(1,135,000)
Deferred income tax liabilities	(146,082)	(2,793,081)	(383)	(130,547)	(3,070,093)
Net assets	573,259	5,655,675	505,149	754,000	7,488,083
Less: Non-controlling interests	(238,849)	–	–	(301,600)	(540,449)
	334,410	5,655,675	505,149	452,400	6,947,634
Amount due from respective subsidiaries acquired	–	2,319,361	644,468	61,592	3,025,421
Fair value of the net assets acquired	334,410	7,975,036	1,149,617	513,992	9,973,055

Effect on cash and cash equivalent

	RMB'000
Total consideration	9,815,866
Deposit paid in prior year	(80,000)
Consideration paid by cash in the year	9,735,866
Cash and cash equivalents in the subsidiaries acquired	(168,586)
Net cash impact for the current year	9,567,280

38 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Sunac International	Largest shareholder of the Company
Mr. Sun Hongbin	The controlling shareholder of Sunac International and the chairman of the Board of Directors of the Company

(b) Cash advance from related parties

During the year ended 31 December 2013, the Group obtained advances from joint ventures and associates amounted to RMB2,457 million.

(c) Related party balances

	Group	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Amounts due from joint ventures	8,269,897	1,289,920
Amounts due from associates	1,485,466	1,772,488
	9,755,363	3,062,408
Amounts due to joint ventures	3,087,794	428,925
Amounts due to associates	3,806,929	1,184,417
	6,894,723	1,613,342

As at 31 December 2013, amount due from associates and joint ventures amounted to RMB4,358 million (2012: RMB372 million) were unsecured, bearing interests at 6.35% to 12% per annum. The remaining amounts due from/to associates and joint ventures were unsecured and interest-free and did not have fixed repayment date.

39 Interests in subsidiaries – Company

	Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Interests, at cost	118,223	79,543
Quasi-equity loans	8,265,942	5,067,018
	8,384,165	5,146,561

Quasi-equity loans are made by the Company to its immediate subsidiaries for their further equity investments in the PRC operating entities.

All subsidiaries of the Group are non-listed companies.

39 Interests in subsidiaries – Company (continued)

Material non-controlling interests

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	Sunac Greentown Investment 2013 RMB'000
Current	
Assets	15,856,787
Liabilities	4,224,635
Total current net assets	11,632,152
Non-current	
Assets	105,057
Liabilities	8,230,979
Total non-current net assets	(8,125,922)
Net assets	3,506,230
Summarised income statement	
Revenue	2,599,856
Profit before income tax	629,802
Income tax expense	(177,703)
Net profit	452,099
Total comprehensive income	452,099
Total comprehensive income allocated to non-controlling interests	226,049

The subsidiary was newly established in 2013 and there is no discontinued operation or other comprehensive income for the above subsidiary. During 2013, no dividend was paid to non-controlling interests.

39 Interests in subsidiaries – Company (continued)

Material non-controlling interests (continued)

Summarised cash flows

	2013 RMB'000
Net cash generated from operations	662,388
Net cash used in investing activities	(7,781,014)
Net cash from financing activities	7,923,963
Net increase in cash and cash equivalents	805,377

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

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/registered capital	Equity interests held Directly	Equity interests held Indirectly	Principal activities
Incorporated in the British Virgin Islands:					
Sunac Real Estate Investment Holdings Ltd.	2 January 2007	USD10,000	100%	–	Investment holding
Qiwei Real Estate Investment Holdings Ltd.	6 June 2007	USD1	100%	–	Investment holding
Yingzi Real Estate Investment Holdings Ltd.	31 August 2007	USD1	100%	–	Investment holding
Jujin Real Estate Investment Holdings Ltd.	6 September 2007	USD1	100%	–	Investment holding
Zhuoyue Real Estate Investment Holdings Ltd.	13 September 2007	USD1	100%	–	Investment holding
Dingsheng Real Estate Investment Holdings Ltd.	6 September 2007	USD1	100%	–	Investment holding
Elegant Trend Limited	17 July 2013	USD2	–	50%	Investment holding
Sunac Greentown Investment	25 April 2013	USD2	50%	–	Investment holding
Ease Success Holdings Limited	2 January 2013	USD50,000	100%	–	Investment holding
Lead Sunny Investments Limited	27 February 2013	USD50,000	100%	–	Investment holding

39 Interests in subsidiaries – Company (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/registered capital	Equity interests held Directly	Indirectly	Principal activities
Incorporated in Hong Kong:					
Pacific Max Investment Limited	14 February 2013	HKD1	–	100%	Investment holding
World Lucky Investment Limited	27 February 2013	HKD1	–	100%	Investment holding
Wisdom Collection Holdings (Hong Kong) Limited	17 July 2013	HKD10,000	–	50%	Investment holding
Jujin Property Investment Holdings Ltd.	14 September 2007	HKD1	–	100%	Investment holding
Dingsheng Property Investment Holdings Ltd.	14 September 2007	HKD1	–	100%	Investment holding
Zhuoyue Property Investment Holdings Ltd.	20 September 2007	HKD1	–	100%	Investment holding
Incorporated in the Liberia:					
Wisdom Collection Holdings (International) Inc.	17 July 2013	USD100	–	50%	Investment holding
Incorporated in the PRC:					
Tianjin Sunac Real Estate Investment Management Co Ltd.	6 February 2007	RMB460 million	–	100%	Investment holding
Tianjin Qiwei Real Estate Investment Management Co Ltd.	20 July 2007	RMB225 million	–	100%	Investment holding
Tianjin Yingzihuijin Property Management Ltd.	26 September 2007	RMB220 million	–	100%	Investment holding
Tianjin Jujin Property Management Ltd.	31 October 2007	RMB200 million	–	100%	Investment holding
Tianjin Dingsheng Juxian Property Management Ltd.	31 October 2007	RMB200 million	–	100%	Investment holding
Tianjin Zhuoyue Property Management Ltd.	31 October 2007	USD15 million	–	100%	Investment holding
Tianjin Sunac Zhidi Co., Ltd.	31 January 2003	RMB900 million	–	100%	Real estate development
Tianjin Sunac Ao Cheng	25 February 2003	RMB222 million	–	100%	Real estate development
Tianjin Sunac Mingxiang	06 April 2010	RMB1,421 million	–	100%	Real estate development
Tianjin Xiangchi Investment Co., Ltd.	25 September 2006	RMB160 million	–	100%	Real estate development
Tianjin Sunac Dingsheng	4 January 2011	HKD1,700 million	–	100%	Real estate development
Tianjin Sunac Huijie Zhidi Co., Ltd.	21 January 2011	HKD700 million	–	100%	Real estate development

39 Interests in subsidiaries – Company (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/registered capital	Equity interests held		Principal activities
			Directly	Indirectly	
Incorporated in the PRC: (continued)					
Tianjin Sunac Property Management Co. Ltd.	21 March 2010	RMB10 million	–	100%	Property management
Tianjin Sunac Yingrun Equity Investment Fund Management Co., Ltd.	11 July 2011	RMB20 million	–	100%	Investment management
Sunac Zhidi (Tianjin) Business Operation Management Co., Ltd.	21 March 2010	RMB5 million	–	100%	Property management
Tianjin Rongxing Investment Limited	7 February 2013	RMB100 million	–	90%	Real estate development
Tianjin Rongyao Investment Limited	7 March 2013	RMB500 million	–	54%	Real estate development
Tianjin Sunac Huikai Real Estate Co., Ltd.	30 August 2013	RMB50 million	–	100%	Real estate development
Tianjin Rongzheng	12 July 2013	RMB504 million	–	100%	Real estate development
Tianjin Yijun Investment Co., Ltd.	1 July 2012	RMB30 million	–	40%	Real estate development
Wuxi Sunac Investment Co. Ltd.	28 July 2010	RMB5 million	–	100%	Real estate development
Wuxi Sunac Real Estate Co., Ltd.	27 February 2004	RMB204.1 million	–	100%	Real estate development
Wuxi Sunac City	11 May 2005	RMB448 million	–	100%	Real estate development
Suzhou Chunshen Lake Property Development Co., Ltd.	8 February 2005	RMB140 million	–	100%	Real estate development
Yixing Sunac Dongjiu Real Estate Co.,Ltd.	9 March 2010	RMB1,100 million	–	100%	Real estate development
Wuxi Sunac Greentown Hubin Real Estate Co., Ltd.	5 January 2012	RMB100 million	–	51%	Real estate development
Wuxi Greentown Real Estate Development Co., Ltd.	1 July 2012	RMB174.8 million	–	42.5%	Real estate development
Jintan Sunac Plants and Flowers Co. Ltd.	14 July 2010	RMB0.5 million	–	100%	Property management
Chongqing Suanc Jiye Real Estate Limited.	24 April 2004	RMB180 million	–	100%	Real estate development
Chongqing Yatai Shiye Real Estate Co., Ltd.	2 January 2011	RMB280 million	–	100%	Real estate development
Chongqing Sunac Shangfeng Real Estate Co., Ltd.	21 February 2011	RMB1,200 million	–	100%	Real estate development
Chongqing Sunac Shijin Real Estate Co., Ltd.	12 December 2012	HKD1,229 million	–	100%	Real estate development

39 Interests in subsidiaries – Company (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/registered capital	Equity interests held		Principal activities
			Directly	Indirectly	
Incorporated in the PRC: (continued)					
Chongqing Yejin	19 October 2012	RMB10 million	–	80%	Real estate development
Chongqing Sunac Property Management Co., Ltd.	21 March 2010	RMB5 million	–	100%	Property management
APEV Property Management Co., Ltd.	30 September 2012	RMB0.5 million	–	100%	Property management
Chongqing Sunac Business Operation Management Co., Ltd.	21 March 2010	RMB0.5 million	–	100%	Property management
Chongqing Sunac Qiyang Real Estate Co., Ltd.	18 September 2013	HKD2,280 million	–	100%	Real estate development
Chongqing Sunac Xinyi Real Estate Development Co., Ltd.	16 October 2013	RMB30 million	–	100%	Real estate development
Beijing Sunac Hengji Real Estate Co., Ltd.	27 September 2011	RMB100 million	–	100%	Real estate development
Beijing Sunac Construction Investment Real Estate Co., Ltd.	16 August 2010	RMB10 million	–	100%	Real estate development
Beijing Sunac Jiye Real Estate Co., Ltd.	1 June 2011	RMB400 million	–	100%	Real estate development
Beijing Xishanhui	23 November 2012	RMB0.5 million	–	100%	Property management
Beijing Sunac Xinhe Agent Co., Ltd.	10 May 2013	RMB1 million	–	100%	Property sale agent
Hangzhou Sunac Greentown Real Estate Development Co., Ltd.	20 December 2012	USD102 million	–	75%	Real estate development
Hangzhou Rongxinheng Investment Limited	27 August 2013	RMB10.01 million	–	100%	Investment holding
Hangzhou Yingzi Investment Limited	27 August 2013	RMB10.01 million	–	100%	Investment holding
Hangzhou Guorong	9 August 2013	RMB460 million	–	60%	Real estate development
Suzhou Greentown Yuyuan Real Estate Development Co., Ltd.	1 July 2012	RMB250 million	–	50%	Real estate development
Suzhou Ronglv Investment Limited	12 August 2013	RMB10 million	–	50%	Investment holding
Changzhou Greentown	15 January 2013	RMB837.5 million	–	48.5%	Real estate development

39 Interests in subsidiaries – Company (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/registered capital	Equity interests held Directly	Equity interests held Indirectly	Principal activities
Incorporated in the PRC: (continued)					
Shanghai Ronglv Real Estate Agency Co., Ltd.	19 June 2013	RMB0.5 million	–	50%	Real estate agency
Shanghai Ronglv Dingsheng Property Management Co., Ltd.	5 June 2013	RMB5 million	–	50%	Property management
New Richport Property Development Shanghai Co., Ltd.	17 July 2013	RMB765 million	–	50%	Real estate development
Everbright Property Development Shanghai Co., Ltd.	17 July 2013	RMB135 million	–	50%	Real estate development
Fung Seng Estate Development (Shanghai) Co., Ltd.	17 July 2013	RMB85.4 million	–	50%	Real estate development
Shanghai Sunac Greentown	9 August 2012	RMB2,000 million	–	50%	Investment holding
Shanghai Huazhe Bund Real Estate Co., Ltd.	1 July 2012	RMB50 million	–	25.5%	Real estate development
Shanghai Lushun Real Estate Development Co., Ltd.	1 July 2012	RMB1,000 million	–	50%	Real estate development

40 Financial instruments by category – Group and Company

(a) Group

	Loans and receivables 31 December 2013 RMB'000	31 December 2012 RMB'000
Assets as per balance sheet		
Trade and other receivables	1,213,763	415,920
Restricted cash	2,594,666	3,868,713
Cash and cash equivalents	13,414,017	8,394,026
Amounts due from related companies	9,755,363	3,062,408
	26,977,809	15,741,067

40 Financial instruments by category – Group and Company (continued)

(a) Group (continued)

	Financial liabilities at amortised costs	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Liabilities as per balance sheet		
Borrowings	28,706,290	21,725,027
Amounts due to related companies	6,894,723	1,613,342
Amounts due to non-controlling interests	4,498,333	3,540,126
Trade and other payables (Note)	11,778,912	6,553,970
	51,878,258	33,432,465

Note: Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

(b) Company

	Loans and receivables	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Assets as per balance sheet		
Amounts due from subsidiaries	28,005	156
Other receivables	739	9,491
Cash and cash equivalents	1,426,604	815,872
	1,455,348	825,519

	Financial liabilities at amortised costs	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Liabilities as per balance sheet		
Borrowings	5,408,889	2,459,393
Other payables	131,687	83,421
Amounts due to subsidiaries	9,172	11,485
	5,549,748	2,554,296

41 Dividends

The dividends paid in 2013 and 2012 were RMB260.7 million (RMB0.079 per share) and RMB236.4 million (RMB0.079 per share) respectively. A dividend in respect of the year ended 31 December 2013 of RMB0.191 per share, amounting to a total dividend of RMB635.7 million, is to be proposed at the annual general meeting on 19 May 2014. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Interim dividend paid of RMB – (2012: nil) per ordinary share	–	–
Proposed final dividend of RMB0.191 (2012: RMB0.079) per ordinary share	635,681	260,730

42 Events after the balance sheet date

On 13 January 2014, Tianjin Sunac Ao Cheng, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with independent third parties, pursuant to which, Tianjin Sunac Ao Cheng agreed to acquire 49% equity interest of China Energy Conservation Lvjian (Hangzhou) Technology Development Co., Ltd. ("China Energy Conservation") at a total cash consideration of RMB32.6 million. China Energy Conservation has secured a land use right for property project development in Hangzhou through an open tendering process. Up to the date of this report, the acquisition has yet to be completed.

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