WUZHOU INTERNATIONAL HOLDINGS LIMITED
五洲國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01369)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

– The Group's contracted sales for the year increased by 87.7% to RMB5,184 million from RMB2,764 million in the corresponding year in 2012.

– The Group's revenue for the year increased by 79.7% to RMB4,050 million from RMB2,253 million in the corresponding year in 2012.

– The Group's profit attributable to the owners of the Company for the year increased by 45.8% to RMB1,020 million from RMB700 million in the corresponding year in 2012.

– Proposed final dividend of HK3.5 cents per share, represent a dividend payout ratio of approximately 30.6%, on the core profit attributable to equity owners.

The board (the "Board") of directors (the "Directors") of Wuzhou International Holdings Limited (the "Company") announces the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with comparative figures for the corresponding year in 2012, as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
REVENUE	*5*	**4,049,567**	2,253,240
Cost of sales		**(2,280,484)**	(1,052,374)
Gross profit		**1,769,083**	1,200,866
Other income and gains	*5*	**30,962**	25,309
Selling and distribution expenses		**(351,927)**	(232,545)
Administrative expenses		**(435,375)**	(271,725)
Other expenses		**(22,552)**	(16,797)
Fair value gain upon transfer to investment properties		**689,092**	392,105
Change in fair value of investment properties		**201,565**	185,346
Finance costs	*7*	**(88,557)**	(25,071)
Share of profits and losses of associates		**(3,106)**	5,016
PROFIT BEFORE TAX	*6*	**1,789,185**	1,262,504
Income tax expense	*8*	**(668,944)**	(508,620)
PROFITAND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,120,241**	753,884
Attributable to:			
Owners of the parent		**1,020,036**	699,711
Non-controlling interests		**100,205**	54,173
		1,120,241	753,884
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted (RMB Yuan)		**0.25**	0.20

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**256,002**	257,098
Investment properties		**4,949,200**	2,572,100
Prepaid land lease payments		**172,628**	80,783
Intangible assets		**4,363**	4,487
Long-term deferred expense		**3,102**	3,019
Investment in associates		**41,128**	41,784
Available-for-sale investments		**10,000**	10,000
Deferred tax assets		**207,737**	224,426
Total non-current assets		**5,644,160**	3,193,697
CURRENT ASSETS			
Inventories		**772**	1,251
Properties under development		**5,006,026**	4,307,812
Completed properties held for sale		**1,340,113**	532,425
Trade and bills receivables	*11*	**40,051**	18,106
Due from related companies		**–**	94,710
Prepaid land lease payments		**843,777**	600,441
Prepayments, deposits and other receivables		**1,085,549**	696,453
Tax recoverable		**47,794**	79,668
Restricted cash		**179,546**	26,971
Pledged deposits		**292,090**	126,800
Cash and cash equivalents		**941,254**	755,451
Total current assets		**9,776,972**	7,240,088
CURRENT LIABILITIES			
Trade and bills payables	*12*	**2,707,940**	1,932,687
Other payables, deposits received and accruals		**709,437**	677,394
Advances from customers		**3,071,363**	2,737,177
Due to related companies		**–**	213,980
Due to shareholders		**–**	18,136
Interest-bearing bank and other borrowings		**1,081,708**	772,480
Tax payable		**723,170**	465,811
Total current liabilities		**8,293,618**	6,817,665
NET CURRENT ASSETS		**1,483,354**	422,423
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,127,514**	3,616,120

	Notes	**2013**	2012
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,105,670**	1,627,080
Senior notes		**606,050**	–
Deferred tax liabilities		**431,719**	343,925
Total non-current liabilities		**3,143,439**	1,971,005
Net assets		**3,984,075**	1,645,115
EQUITY			
Equity attributable to owners of the parent			
Share capital		**292,893**	216,659
Reserves		**3,076,732**	1,103,034
Proposed final dividend	*9*	**128,119**	–
		3,497,744	1,319,693
Non-controlling interests		**486,331**	325,422
Total equity		**3,984,075**	1,645,115

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2010 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 June 2013 ("the Listing Date").

The head office and principal place of business of the Company in Hong Kong is located at Unit 5105, 51/F, The Center, 99 Queen's Road Central, Hong Kong.

During the year, the Group was principally involved in property development, property investment and the provision of property management services.

In the opinion of the directors, the ultimate holding company of the Company is Boom Win Holding Limited, which is incorporated in British Virgin Islands. The ultimate controlling party of the Group is Mr.Shu Cecheng and Mr.Shu Cewan ("The Shu Brothers" or "Controlling Shareholders").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs which include all standards and interpretations approved by the IASB, and International Accounting Standards (the "IASs") and Standing Interpretations Committee interpretations approved by the IASB that remain in effect, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 (2011)	*Employee Benefits*
IAS 27 (2011)	*Separate Financial Statements*
IAS 28 (2011)	*Investments in Associates and Joint Ventures*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)*
IFRIC-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in June 2012

The adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[3]
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC-Int 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] No mandatory effective date yet determined but is available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In November 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the IASB added to IFRS 9 the requirements related to hedge accounting and made some related changes to IAS 39 and IFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to IFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to IFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other IFRS 9 requirements at the same time.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of IFRS 9 was removed by the IASB in December 2013 and a mandatory effective date will be determined after the entire replacement of IAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in IFRS 10.

The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties, goodwill and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful life and the annual depreciation rate are as follows:

	Estimated useful life	**Annual depreciation rate**
Buildings	40 years	2.38%
Plant and machinery	3–10 years	9.50% to 31.67%
Motor vehicles	3–5 years	19.00% to 31.67%
Office equipment	3–5 years	19.00% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of comprehensive income.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in one normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land cost.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of comprehensive income. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of comprehensive income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income other income and gains in the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of comprehensive income in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of comprehensive income in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of comprehensive income as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of comprehensive income.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is removed from other comprehensive income and recognised in the statement of comprehensive income.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of comprehensive income. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of comprehensive income if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income. The net fair value gain or loss recognised in the statement of comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of comprehensive income.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of comprehensive income by way of a reduced depreciation charge.

Revenue recognition

Revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to purchasers;

(b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

For the Group, revenue from sale of completed properties is recognized upon the signing of property handover letter, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer.

Deposits and instalments received in respect of properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position under current liabilities.

Rental income is recognized on a time proportion basis over the lease terms.

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Commissions from concessionaire sales are recognized upon the sale of goods by the relevant stores.

Service income from commercial management services and other activities are recognized when the services are rendered and the inflow of economic benefit is probable.

Dividend income is recognized when the shareholder’s right to receive payment has been established.

Share-based payments

The Company operates a pre-IPO share awards scheme and a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by Savills Valuation and Professional Services Limited, independent professionally qualified valuers using a binomial model, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which are the functional currency of the Company and the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Transfer to or from investment property

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Estimation uncertainty

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

Provision of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalized its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realize.

Estimate of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2013 was RMB4,915,200,000 (2012: RMB2,572,100,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property management segment engages in the management of the Group's developed and entrusted operating properties and invests in properties for their rental income potential and/or for capital appreciation;

(c) the other segment comprises principally of operating department store, operating hotel and providing advertising service.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit before is measured consistently with the Group's profit before tax except that finance costs, dividend income and share of income or losses of associates are excluded from such measurement.

Segment assets exclude available-for-sale investment and investments in associates are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in the Mainland China and no non-current assets of the Group are located outside the Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the years ended 31 December 2012 and 2013.

Year ended 31 December 2013	**Property development** *RMB'000*	**Property management and investment** *RMB'000*	**Others** *RMB'000*	**Adjustments and eliminations** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue					
Sales to external customers	**3,880,430**	**145,019**	**117,313**	**(93,195)**	**4,049,567**
Segment results	**904,249**	**869,876**	**13,528**	**93,195**	**1,880,848**
Reconciliation:					
Finance costs					**(88,557)**
Share of losses of associates					**(3,106)**
Profit before tax					**1,789,185**
Segment assets	**9,705,803**	**5,459,242**	**204,959**	**–**	**15,370,004**
Reconciliation:					
Available-for-sale investment					**10,000**
Investments in associates					**41,128**
Total assets					**15,421,132**
Segment liabilities	**10,207,410**	**1,226,571**	**3,076**	**–**	**11,437,057**
Total liabilities					**11,437,057**
Other segment information					
Depreciation and amortization	**17,660**	**2,271**	**6,454**	**–**	**26,385**
Fair value gain upon transfer to investment properties	**–**	**689,092**	**–**	**–**	**689,092**
Change in fair value of investment Properties	**–**	**201,565**	**–**	**–**	**201,565**

Year ended 31 December 2012	Property development *RMB'000*	Property management and investment *RMB'000*	Others *RMB'000*	Adjustments and eliminations *RMB'000*	Consolidated *RMB'000*
Segment revenue					
Sales to external customers	2,126,322	109,782	47,099	(29,963)	2,253,240
Segment results	662,691	589,878	27	29,963	1,282,559
Reconciliation:					
Finance costs					(25,071)
Share of losses of associates					5,016
Profit before tax					1,262,504
Segment assets	7,329,550	2,929,750	122,701	–	10,382,001
Reconciliation:					
Available-for-sale investment					10,000
Investments in associates					41,784
Total assets					10,433,785
Segment liabilities	8,421,936	366,734	–	–	8,788,670
Total liabilities					8,788,670
Other segment information					
Depreciation and amortization	18,636	1,314	6,119	–	26,069
Fair value gain upon transfer to investment properties	–	392,105	–	–	392,105
Change in fair value of investment Properties	–	185,346	–	–	185,346

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties, rental income, commercial management service income, property management service income and commissions from concessionaire sales during the year, after deduction of allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**3,880,430**	2,126,322
Rental income	**44,163**	30,749
Commercial management service income	**91,684**	68,290
Property management service income	**9,172**	10,743
Commissions from concessionaire sale	**9,935**	6,035
Others	**14,183**	11,101
	4,049,567	2,253,240
Other income and gains		
Subsidy income	**13,886**	13,322
Interest income	**11,079**	5,572
Gain on disposal of a subsidiary	**1,226**	–
Gain on disposal of items of property, plant and equipment	**781**	55
Dividends received	**–**	692
Compensation from government	**–**	4,411
Others	**3,990**	1,257
	30,962	25,309

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold	**2,208,098**	994,181
Cost of property management service provided	**7,780**	9,664
Depreciation	**24,425**	23,874
Amortisation of intangible assets	**886**	914
Amortisation of long-term deferred expenses	**1,074**	1,281
Auditors' remuneration	**10,356**	3,385
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):		
Wages and salaries	**164,919**	89,505
Equity-settled share-base payment expenses	**5,124**	–
Pension scheme contributions *	**36,684**	19,909
	206,727	109,414
Foreign exchange differences, net	**8,737**	1,115
Impairment allowance on loans receivable	**–**	20
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties and commercial management service provided	**52,148**	37,920
Provision for loan receivables	**–**	208
Loss on disposal of a subsidiary	**–**	6,918

Notes:

* During the year, certain of the subsidiaries in Mainland China were members of pension schemes managed by the respective local governments. Contributions made during the year were based on 20% – 23% (2012: 20% – 23%) of the employees' salaries and were charged to the consolidated income statement, as they became payable.

For Hong Kong employees eligible for the MPF Scheme, the Group contributed 5% of the employees' salaries for the year ended 31 December 2013 (2012: 5%).

At 31 December 2013, the Group had no forfeited contributions available to reduce its contributions to the pension scheme(s) in future years (2012: nil).

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2013	2012
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**316,873**	169,848
Interest on senior notes	**22,544**	–
Less: Interest capitalised	**(250,860)**	(144,777)
	88,557	25,071

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income currently arising in Hong Kong for the year ended 31 December 2013.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25%.

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax ("LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

In addition, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan and Dali Wuzhou were subject to LAT which is calculated based on 3% to 8.34% of their revenue in accordance with "Wuxi Tax Circular No. (2009) 46" and"No. 1 (2010) Announcement of Dali tax bureau".

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax	**286,580**	290,549
PRC LAT	**277,881**	196,872
Deferred tax	**104,483**	21,199
Total tax charge for the year	**668,944**	508,620

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e. the statutory tax rate) to the effective tax rate are as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before tax	**1,789,185**	1,262,504
Tax at the statutory tax rate	**447,296**	315,626
Lower tax rate(s) for specific provinces or enacted by local authority	**–**	(688)
Expenses not deductible for tax	**30,090**	15,459
Tax loss not recognised	**6,488**	1,564
Profits and losses attributable to associates	**776**	(1,254)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**(24,117)**	30,432
Income not subject to tax	**–**	(173)
Provision for LAT	**277,881**	196,872
Tax effect on LAT	**(69,470)**	(49,218)
Tax charge at the Group's effective rate	**668,944**	508,620

Tax payable in the consolidated statement of financial position represents:

	2013	2012
	RMB'000	*RMB'000*
PRC corporate income tax payable	**441,004**	325,262
PRC LAT payable	**282,166**	140,549
Total tax payable	**723,170**	465,811

9. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final – HK3.5 cents (2012: Nil) per ordinary share	**128,119**	Nil

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,094,975,722 (2012: 3,422,161,914) in issue during the year, as adjusted to reflect the rights issue during the year. 2012 weighted average ordinary shares is determined on the assumption that the Reorganisation and the capitalisation issue had been completed on 1 January 2012.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 in respect of a dilution as the impact of the share option had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**1,020,036**	699,711

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,094,975,722**	3,422,161,914

11. TRADE AND BILLS RECEIVABLES

An aged analysis of the Group's trade and bills receivables as at end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Less than 3 months	**31,210**	13,766
4 to 6 months	**8,841**	4,272
7 to 12 months	**–**	68
	40,051	18,106

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**40,051**	18,106

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Less than 1 year	**2,590,035**	1,666,854
Over 1 year	**117,905**	265,833
	2,707,940	1,932,687

The trade and bills payables are unsecured, non-interest-bearing and repayable within the normal operating cycle or on demand.

The fair values of trade and bills payables by the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group capitalized on business opportunities and recorded a steady growth in corporate development and results. Based on its unique market positioning and development strategies, the specialized wholesale markets and multi-functional commercial complexes of the Group have been recognized by local markets and the business mode was replicated for the market expansion in rapidly-developing provinces and cities, such as Heilongjiang. To fully take advantage of the future rapid growth of the PRC commercial property industry, the Group successfully listed its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Listing Date.

MARKET REVIEW

In 2013, although the United States restored its economic growth, the global economy was far from optimistic with countries in Europe and emerging markets mired in the financial crisis. China recorded only a 7.9% increase in exports for the year. In order to propel fixed asset investment and domestic demand and achieve steady economic development, the government introduced a series of measures and policies aiming to maintain steady growth, achieve structural change and promote reformation. Nevertheless, during the period under review, the central government continued to implement various austerity policies, including restrictions on home purchase, loans and prices, to strictly control housing prices. Commercial properties were subject to far less government restrictions than residential properties. In addition, with low land costs, strong customer purchasing power and great market demands, commercial properties in cities, especially second and third-tier cities, in the Yangtze River Delta have higher development potential and stronger growth momentum as compared with other regions in China.

Currently, wholesale markets, including the integrated markets of various products and the specialized markets of specific products, are one of the most effective channels of commodity transaction in China, especially for small cities and towns, and play an important role in economic development.

BUSINESS REVIEW

I. Contracted sales

During the year under review, the Group recorded contracted sales and contracted sales area of approximately RMB5,184 million and approximately 682,000 sq.m., representing increases of 87.7% and 105.8% as compared with the same period of the previous year, respectively. Approximately RMB1,971 million and 371,000 sq.m. were from the sales of the specialized wholesale markets, representing increases of 62.7% and 87.5% as compared with the same period of the previous year, respectively. Approximately RMB3,213 million and 311,000 sq.m. were from the sales of multifunctional commercial complexes, representing increases of 107% and 133% as compared with the same period of the previous year, respectively.

Contracted sales of the Group, by geographical location, were mainly from Jiangsu Province. The contracted sales and contracted sales area were approximately RMB2,782 million and approximately 367,000 sq.m., accounting for 53.7% and 53.8% of the total contracted sales amount and the total contracted sales area, respectively. Attributable to the market expansion strategy of the Group in other rapidly-developing cities, the contracted sales from other provinces and cities increased significantly, resulting in a more balanced income source in terms of geographical locations.

Regions	**Contracted sales amount**		**Contracted sales area**	
	RMB million	*Percentage (%)*	*Sq.m.*	*Percentage (%)*
Jiangsu Province	2,782	53.7	367	53.8
Zhejiang Province	902	17.4	46	6.7
Shandong Province	449	8.6	81	11.9
Hubei Province	443	8.5	88	12.9
Yunnan Province	429	8.3	62	9.1
Chongqing Municipality	114	2.2	27	4.0
Heilongjiang Province	65	1.3	11	1.6
Total	5,184	100.0	682	100.0

II. Project development

As at 31 December 2013, the Group had 33 development projects in Jiangsu, Zhejiang, Shandong, Hubei, Yunnan, Heilongjiang, Jilin, Henan, Liaoning and Chongqing, including 17 specialized wholesale markets and 16 multi-functional commercial complexes.

Completed projects

During the year under review, the Group completed a total of 16 projects or project phases with a total gross floor area ("GFA") of approximately 2,071,000 sq.m., including approximately 1,099,000 sq.m. of GFA sold and delivered and approximately 255,000 sq.m. of GFA held for lease.

List of completed projects:

Project name	**City**	**Category**	**Interests of the Company**	**Total GFA**	**Total saleable GFA**	**GFA sold**	**GFA held for sale**	**GFA held for lease**
				('000 sq.m.)	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*
Jiangsu Province								
1. Wuxi Wuzhou International Ornamental City	Wuxi	Specialized wholesale market	100%	288	259	220	2	37
2. Wuxi Wuzhou International Industrial Exhibition City	Wuxi	Specialized wholesale market	100%	358	326	289	7	30
3. Wuxi Wuzhou International Columbus Plaza	Wuxi	Multi-functional commercial complex	64.3%	212	169	105	21	43

Project name		City	Category	Interests of the Company	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)
4.	Wuxi Wuzhou International Chinese Food Culture Exposition City	Wuxi	Multi-functional commercial complex	51%	50	44	31	3	10
5.	Meicun Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	90%	54	40	17	–	23
6.	Yangjian Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	100%	142	105	65	28	12
7.	Wuxi New District Columbus Plaza	Wuxi	Multi-functional commercial complex	59%	91	71	27	29	15
8.	Luoshe Wuzhou International Columbus Dragon City	Wuxi	Multi-functional commercial complex	100%	52	38	10	13	15
9.	Jianhu Wuzhou International Trade City	Jianhu	Specialized wholesale market	100%	107	105	63	42	–
10.	Yancheng Wuzhou International Plaza	Yancheng	Multi-functional commercial complex	100%	56	56	26	13	17
11.	Huian Wuzhou International Plaza	Huian	Multi-functional commercial complex	100%	146	109	45	11	53
				Subtotal	1,556	1,322	898	169	255
Yunnan Province									
12.	Dali Wuzhou International Trade City	Dali	Specialized wholesale market	100%	120	119	100	19	–
				Subtotal	120	119	100	19	–
Chongqing Municipality									
13.	Rongchang Wuzhou International Trade City	Chongqing	Specialized wholesale market	94%	170	170	99	71	–
				Subtotal	170	170	99	71	–
Shangdong Province									
14.	Longkou Wuzhou International Trade City	Longkou	Specialized wholesale market	95%	22	22	21	1	–
15.	Yantai Wuzhou International Industrial Exhibition City (Fushan)	Yantai	Specialized wholesale market	95%	55	55	53	2	–
				Subtotal	77	77	74	3	–
Hubei Province									
16.	Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Specialized wholesale market	100%	148	148	127	21	–
				Subtotal	148	148	127	21	–
				Total	2,071	1,836	1,298	283	255

Projects under development

As at 31 December 2013, the Group had a total of 19 projects or project phases under development with a total planned GFA of 2,095,000 sq.m., including approximately 319,000 sq.m. of GFA sold and approximately 366,000 sq.m. of GFA held for lease.

List of projects under development

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA *('000 sq.m.)*	Total saleable GFA *('000 sq.m.)*	GFA pre-sold *('000 sq.m.)*	GFA held for sale *('000 sq.m.)*	GFA held for lease *('000 sq.m.)*
Jiangsu Province									
1. Wuxi Wuzhou International Ornamental City Phase IV	Wuxi	Specialized wholesale market	100%	2014	104	81	8	48	25
2. Wuxi Wuzhou International Industrial Exhibition City Phase II Hall C	Wuxi	Specialized wholesale market	100%	2014	82	70	26	2	42
3. Wuxi Wuzhou International Chinese Food Culture Exposition City Phase III	Wuxi	Multi-functional commercial complex	51%	2014	142	115	28	72	15
4. Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	2014	74	60	2	40	18
5. Yixing Wuzhou International Huadong Trade City	Yixing	Specialized wholesale market	100%	2014	66	65	–	65	–
6. Nantong Wuzhou International Plaza	Nantong	Multi-functional commercial complex	51%	2014	365	322	66	250	6
7. Wuzhou International Automobile Exhibition City	Nantong	Specialized wholesale market	75%	2014	235	232	34	198	–
8. Yancheng Wuzhou International Plaza	Yancheng	Multi-functional complex	100%	2014	73	45	–	35	10
9. Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional complex	90%	2014	263	216	53	129	34
10. Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	2014	76	61	14	47	–
				Subtotal	1,480	1,267	231	886	150

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA pre-sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)
Yunnan Province									
11. Dali Wuzhou International Trade City	Dali	Specialized wholesale market	100%	2014	87	87	–	–	87
12. Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	80%	2014	72	70	16	27	27
				Subtotal	159	157	16	27	114
Chongqing Municipality									
13. Rongchang Wuzhou International Trade City	Chongqing	Specialized wholesale market	94%	2014	110	109	2	23	84
				Subtotal	110	109	2	23	84
Zhejiang Province									
14. Hangzhou Wuzhou International Plaza	Hangzhou	Multi-functional commercial complex	100%	2014	77	60	27	15	18
15. Ruian Wuzhou International Trade City	Ruian	Specialized wholesale market	100%	2014	65	64	9	55	–
				Subtotal	142	124	36	70	18
Shandong Province									
16. Longkou Wuzhou International Trade City	Longkou	Specialized wholesale market	95%	2014	29	29	9	20	–
17. Leling Wuzhou International Exhibition City	Leling	Specialized wholesale market	51%	2014	38	38	10	28	–
				Subtotal	67	67	19	48	–
Hubei Province									
18. Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Specialized wholesale market	100%	2014	69	67	11	56	–
				Subtotal	69	67	11	56	–

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA *('000 sq.m.)*	Total saleable GFA *('000 sq.m.)*	GFA pre-sold *('000 sq.m.)*	GFA held for sale *('000 sq.m.)*	GFA held for lease *('000 sq.m.)*
Heilongjiang Province									
19. Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Specialized wholesale market	100%	2014	68	66	4	62	–
				Subtotal	68	66	4	62	–
				Total	2,095	1,857	319	1,172	366

Projects planned for development

As at 31 December 2013, the Group had a total of 23 projects or project phases planned for development, with a total planned GFA of approximately 5,045,000 sq.m.

List of projects planned for future development:

Project name	City	Category	Interests of the Company	Total GFA *('000 sq.m.)*
Jiangsu Province				
1. Wuxi Wuzhou International Ornamental City Phase V Hall F	Wuxi	Specialized wholesale market	100%	34
2. Wuxi Wuzhou International Industrial Exhibition City Product Exhibition Hall BD Multi-use Building	Wuxi	Specialized wholesale market	100%	239
3. Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	53
4. Huaian Wuzhou International Plaza Phase II	Huaian	Multi-functional commercial complex	100%	91
5. Jianhu Wuzhou International Trade City Phase II	Jianhu	Specialized wholesale market	100%	114
6. Jianhu China Green Light Exposition City	Jianhu	Specialized wholesale market	100%	94
7. Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	349
8. Wuzhou International Automobile Exhibition City	Nantong	Specialized wholesale market	75%	134

Project name	City	Category	Interests of the Company	Total GFA *('000 sq.m.)*
9. Yixing Wuzhou International Huadong Trade City	Yixing	Specialized wholesale market	100%	211
10. Yixing Wuzhou International Plaza	Yixing	Multi-functional commercial complex	51%	116
			Subtotal	1,435
Yunnan Province				
11. Dali Wuzhou International Trade City Phase III	Dali	Specialized wholesale market	100%	922
12. Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	80%	134
			Subtotal	1,056
Chongqing Municipality				
13. Rongchang Wuzhou International Trade City	Chongqing	Specialized wholesale market	94%	197
			Subtotal	197
Shandong Province				
14. China Longkou Wuzhou International Trade City	Longkou	Specialized wholesale market	95%	255
15. Yantai Wuzhou International Industrial Exhibition City	Yantai	Specialized wholesale market	95%	93
16. Leling Wuzhou International Exhibition City	Leling	Specialized wholesale market	51%	414
			Subtotal	762
Hubei Province				
17. Xiangyang Wuzhou International Industrial Exhibition City (Phase II)	Xiangyang	Specialized wholesale market	100%	350
			Subtotal	350

Project name	City	Category	Interests of the Company	Total GFA
				('000 sq.m.)
Zhejiang Province				
18. Ruian Wuzhou International Trade City	Ruian	Specialized wholesale market	100%	171
			Subtotal	171
Heilongjiang Province				
19. Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Specialized wholesale market	100%	244
			Subtotal	244
Jilin Province				
20. Changchun Wuzhou International Plaza	Changchun	Multi-functional commercial complex	100%	237
21. Jilin Wuzhou International Trade City	Jilin	Specialized wholesale market	100%	70
			Subtotal	307
Henan Province				
22. Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Specialized wholesale market	51%	299
			Subtotal	299
Liaoning Province				
23. Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Specialized wholesale market	100%	224
			Subtotal	224
			Total	5,045

III. Land bank

The Group considers that acquiring ample land bank at reasonable costs is crucial to the long term development and profitability of Wuzhou International. It carried out in-depth studies on local urban planning and acquired lands of substantial development potential in order to build new commercial areas and design projects in line with market demand. During the year under review, the Group strived to consolidate its existing land bank and actively expand and develop into other areas, including Heilongjiang, Jilin Province, Henan Province, Liaoning Province, etc., for more extensive land bank across China.

As of 31 December 2013, the total planned GFA of land bank amounted to approximately 7,877,000 sq.m., including approximately 737,000 sq.m. for completed projects, approximately 2,095,000 sq.m. for projects under development and approximately 5,045,000 sq.m. for projects planned for future development. The land bank is sufficient for the development of the Group in the future three to five years. The average GFA costs per square meter amounted to approximately 10% of the average selling price. With lower land costs, the Group can ensure sustainable future development and higher profitability.

As of 31 December 2013, the breakdown of land bank by regions is as follows:

Region	**Completed projects** *('000 sq.m.)*	**Projects under Development** *('000 sq.m.)*	**Projects planned for future development** *('000 sq.m.)*	**Total planned GFA of land bank** *('000 sq.m.)*
Jiangsu Province	572	1,480	1,435	3,487
Yunnan Province	25	159	1,056	1,240
Shandong Province	13	67	762	842
Hubei Province	38	69	350	457
Chongqing Municipality	89	110	197	396
Zhejiang Province	–	142	171	313
Heilongjiang Province	–	68	244	312
Jilin Province	–	–	307	307
Henan Province	–	–	299	299
Liaoning Province	–	–	224	224
Total	737	2,095	5,045	7,877

IV. Centralized operation, management and marketing

Most of the purchasers of its retail stores entered into exclusive operation and management agreements with the Group, under which the Group received management service income from the purchasers for managing and controlling the leases of the retail shops, event organization and ancillary service provision. The Group also provided the purchasers with services such as project positioning, planning, design, construction, marketing, leasing and operation so as to ensure the centralized operation of projects. In addition, the Group also provided general property management services for tenants and occupants.

The Group develops and operates the specialized wholesale markets and multifunctional commercial complexes under the brands of "Wuzhou International" and "Columbus". In order to unify the brand image of its specialized wholesale markets and multi-functional commercial complexes, its professional planning and marketing team is responsible for formulating the nation-wide promotion strategies and coordinating marketing activities. During the year under review, both the brand effect and visitor flow of its specialized wholesale markets and multi-functional commercial complexes recorded significant growth attributable to various marketing and promotion activities and sponsorship for a number of activities. Moreover, asset management, construction, design and operation capability of the Group were highly recognized in the industry. As a result, the brands "Wuzhou International" and "Columbus" were well-received in the places where the Group operates.

V. Outlook

Having experienced the prosperous development in 2013, our Group will maintain our pace to seek progress in stability. In addition to growth in results, we pay more attention to healthy sustainable development which is time and place sensitive.

The unique business model of the Group plays a vital role for its successful development. Looking forward, the Group will strive to apply its successful business models for its business expansion in other rapidly-developing cities in China. The Group is committed to creating new specialized wholesale markets and developing industrial cities such as Yantai and Shenyang as the core cities of the respective regions. In the long run, its business will continue to be expanded to the mid-west and northeast region as well as the Bohai Rim in China, especially in second-tier provincial capitals including Nanjing, Xi'an and Zhengzhou. The Group will expand its multi-functional commercial complexes to first tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen in the future. It will also make efforts to establish new projects in Hangzhou, Nantong, Yancheng and Xuyi where both economic development and population are on rapid growth track.

Acquisition of prime lands is vital to our rapid growth in the future. In addition to our strong presence in Yangtze River Delta Area, we have expanded our business in various other cities for product development, and often acquired sufficient prime lands. For the whole year of 2013, Wuzhou International, though public tenders, acquired land use rights of 10 parcels of land located in 9 cities from 7 provinces , namely Luoyang City in Henan Province, Yixing City in Jiangsu Province, Yantai City in Shandong Province, Changchun City and Jilin City in Jilin Province and Shenyang City in Liaoning Province.

As at 31 December 2013, the total GFA of our completed projects was 2,070,000 sq.m., the total GFA of our projects under development was 2,100,000 sq.m. and the total GFA of our projects planned for future development was 5,050,000 sq.m.. As at 31 December 2013, Wuzhou International has 33 projects in total in 10 provinces of rapid development in PRC, including 17 specialized wholesale markets and 16 multi-functional commercial complexes.

Huge territory of China provides an opportunity for e-commerce and logistics to develop rapidly. In 2013, e-commerce in China has transformed with platforms, and e-commerce in China developed in a way of coordinating with logistics platform. Convergence of e-commerce and logistic platform will not be limited to business integration, but a complete convergence from strategies, systems to supply chains. Also, logistics will become a key point for capital and investment. Wuzhou International is planning to engage in logistics business along with our integrated commercial trading platform provided to customers. Initially, capital investment for a parcel of land for logistics use located in Zhengzhou, Henan, was made for developing logistics business. In addition, we seek to cooperate with business partners for entering into logistics real estate market in a timely manner. In future, the Company is committed to provide our merchants and customers an effective integrated logistics platform, linking all merchants to establish a nationwide trading wholesale network. Furthermore, the Group will capitalized on the opportunities brought about by e-commerce pipes development, and to innovate the Group's operation model and cooperation model through differential positioning and industry form planning, in order to explore new business opportunities during the urbanization process in China.

Looking forward, the Company will adhere to the values advocated by the Group, "Create value for the customers. Generate wealth for the society", so as to provide solid guarantee for the sustainable development of the Group and our projects.

CORPORATE REORGANIZATION

The Company was incorporated in the Cayman Islands on 22 June 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The companies comprising our Group underwent a reorganization (the "Reorganization") to rationalize our Group's structure in preparation for the listing of the Company's shares on the Stock Exchange. As a result, the Company became the holding company of the Group. Details of the Reorganization are set out in the section headed "History and Reorganization" to the prospectus of the Company issued on 31 May 2013 (the "Prospectus").

REVENUE

Our revenue comprises mainly income from the sale of properties, rental income, commercial management service income, property management service income and commissions from concessionaire sales after deduction of allowances for returns and trade discounts.

For the year ended 31 December 2013, turnover of the Group amounted to approximately RMB4,050 million, representing an increase of 79.7% from approximately RMB2,253 million for the corresponding year in 2012. Profit and total comprehensive income for the year attributable to the equity holders of the Company was approximately RMB1,020 million, representing an increase of 45.8% from approximately RMB700 million for the corresponding year in 2012.

Sale of Properties

Revenue from the sale of properties is recognized (i) when the significant risks and rewards of ownership of the properties are transferred to the purchasers; (ii) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties, are retained; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and (v) the cost incurred or to be incurred in relation to the transaction can be measured reliably. We consider that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the purchasers.

Revenue from property development represents proceeds from sales of our properties held for sales. Revenue derived from property development increased by 82.5% to approximately RMB3,880 million for the year ended 31 December 2013 from approximately RMB2,126 million for the corresponding year in 2012. This increase was due primarily to an increase in total GFA, while offset by the decrease in the average selling price of properties sold to our customers, which was resulted from the entering into third to fourth tier cities.

The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in the year of 2013 and 2012.

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Total Revenue *RMB'000*	**GFA sold** *Sq.m.*	**Average Selling Price** *RMB*	Total Revenue *RMB'000*	GFA sold *Sq.m.*	Average Selling Price *RMB*
Xiangyang Wuzhou International Industrial Exhibition City (襄陽五洲國際工業博覽城)	**604,395**	**119,063**	**5,076**	–	–	–
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	**501,038**	**23,660**	**21,177**	195,323	9,284	21,039
Yancheng Wuzhou International Plaza (鹽城五洲國際廣場)	**402,356**	**25,254**	**15,933**	–	–	–
Rongchang Wuzhou International Trade City (榮昌五洲國際商貿城)	**368,714**	**84,154**	**4,381**	–	–	–
Dali Wuzhou International Trade City (大理五洲國際商貿城)	**315,257**	**61,091**	**5,161**	355,733	58,919	6,038
Jianhu Wuzhou International Trade City (建湖五洲國際商貿城)	**295,987**	**54,430**	**5,438**	–	–	–
Yantai Wuzhou International Industrial Exhibition City (Fushan) (煙台五洲國際工業博覽城(福山))	**257,665**	**52,160**	**4,940**	–	–	–

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Total Revenue *RMB'000*	**GFA sold** *Sq.m.*	**Average Selling Price** *RMB*	Total Revenue *RMB'000*	GFA sold *Sq.m.*	Average Selling Price *RMB*
Yangjian Wuzhou International Plaza (羊尖五洲國際廣場)	**252,360**	**55,068**	**4,583**	89,996	9,191	9,792
Wuxi Wuzhou International Columbus Plaza (無錫五洲國際哥倫布廣場)	**224,899**	**23,860**	**9,426**	–	–	–
Luoshe Wuzhou International Columbus Dragon City (洛社五洲國際哥倫布六龍城)	**219,306**	**8,972**	**24,444**	–	–	–
Huian Wuzhou International Plaza (淮安五洲國際廣場)	**187,025**	**24,246**	**7,714**	–	–	–
Longkou Wuzhou International Trade City (龍口五洲國際商貿城)	**107,673**	**14,852**	**7,250**	–	–	–
Wuxi Wuzhou International Chinese Food Culture Exposition City (無錫五洲國際中華美食城)	**85,372**	**13,477**	**6,335**	6,819	160	42,745
Wuxi Wuzhou International Industrial Exhibition City (無錫五洲國際工業博覽城)	**34,206**	**5,447**	**6,280**	935,743	124,269	7,530
Meicun Wuzhou International Plaza (梅村五洲國際廣場)	**22,360**	**1,962**	**11,395**	350,910	15,229	23,042
Wuxi Wuzhou International Ornamental City (無錫五洲國際裝飾城)	**1,817**	**207**	**8,756**	191,798	36,098	5,313
Total	**3,880,430**	**567,903**	**6,833**	2,126,322	253,150	8,399

Rental Income

Rental income generated from rental of investment properties increased by 43.6% to approximately RMB44 million for the year ended 31 December 2013 from approximately RMB31 million for the corresponding year in 2012. The increase was due primarily to the continuing growth of the investment properties.

Commercial Management Service Income and Property Management Income

We generate commercial management service income from most purchasers of the retail units at our projects pursuant to our exclusive operation and management agreements. Under these agreements, which we enter into with the purchasers at the pre-sale stage, we typically receive commercial management service income equivalent to the entire rental value of the underlying properties for the first three years, which typically commence upon the opening for operation of the building where the property is located, and then 10% of the rental value for the remaining years. In practice, we collect rents directly from the tenants of the underlying properties, retain our commercial management service fees and remit the remainder, if any, to the purchasers. To attract tenants, we may offer selected tenants rent-free periods ranging from two to six months. We typically secure tenants for the vast majority of the purchasers prior to the commencement of the initial period. Since we charge commercial management service fees based on the rental value of the underlying properties, we will not be able to receive any commercial management service fees in the event we are unable to lease out the underlying properties.

Commercial management service income increased by 34.3% to approximately RMB92 million for the year ended 31 December 2013 from approximately RMB68 million for the corresponding year in 2012 while property management income decreased by 14.6% to approximately RMB9 million for the year ended 31 December 2013 from approximately RMB11 million for the corresponding year in 2012. The increase for commercial management service income was due primarily to an increase in the GFA of the properties operated and managed by us, as a result of an increase in sales of our properties, while the decrease in property management income was because the Group was gradually transferring its property management business to other third parties in order to concentrate in the commercial management service.

Commissions from concessionaire sales

Revenue derived from the commissions from concessionaire sales increased by 64.6% to approximately RMB10 million for the year ended 31 December 2013 from approximately RMB6 million for the corresponding year in 2012, which was resulted from our mature operation.

GROSS PROFIT AND MARGIN

Gross profit increased by 47.3% to approximately RMB1,769 million for the year ended 31 December 2013 from approximately RMB1,201 million for the corresponding year in 2012, while our gross profit margin decreased to 43.7% for the year ended 31 December 2013 from 53.3% for the corresponding year in 2012. This increase in gross profit was in line with the increase in the total revenue for the year ended 31 December 2013 while the decrease in our gross margin was resulted from the change in product mix, but it remained in a high level.

OTHER INCOME AND GAIN

Other income and gains increased by 22.3% to approximately RMB31 million for the year ended 31 December 2013 from approximately RMB25 million for the corresponding year in 2012. Other income and gains mainly represented by subsidy income and interest income and certain non-recurring income and gains.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses increased by 51.3% to approximately RMB352 million for the year ended 31 December 2013 from approximately RMB233 million for the corresponding year in 2012. This increase was due primarily to an increase in general selling, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in the year of 2013 as compared to that in the corresponding year of 2012.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 60.2% to approximately RMB435 million for the year ended 31 December 2013 from approximately RMB272 million for the corresponding year in 2012. This increase was due primarily to the increase in number of offices and staff cost in new locations due to our expansion and certain expenses incurred resulting from our initial public offering and senior note issuance.

FINANCE COSTS

Our finance costs increased by 253.2% to approximately RMB89 million for the year ended 31 December 2013 from approximately RMB25 million for the corresponding year in 2012. This increase was due primarily to an increase in bank loans and senior note issuance to finance the business operation and development, which in turn increased the interest expenses, but most of the interest expenses incurred during the year was capitalised.

INCOME TAX EXPENSES

Our income tax expenses increased by 31.5% to approximately RMB669 million for the year ended 31 December 2013 from approximately RMB509 million for the corresponding year in 2012. This increase was due primarily to an increase in enterprises income tax and land appreciation tax as a result of increase in properties sold and recognized in the year of 2013 as compared to that in the same year of 2012.

PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit and total comprehensive income attributable to owners of the Company increased by 45.8% to approximately RMB1,020 million for the year ended 31 December 2013 from approximately RMB700 million for the corresponding year in 2012. This increase was due primarily to an increase in properties recognised and in the revaluation gain on the appreciation of our investment properties in the year of 2013 as compared to that in the corresponding year of 2012. Our net profit margin maintained at a satisfactory level of 25.2% in the year of 2013 as compared to 31.1% in the corresponding year of 2012.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2013, the Group's bank balances and cash (including restricted cash and pledged deposits) was approximately RMB1,413 million (2012: approximately RMB909 million), representing an increase of 55.4% as compared to that as at 31 December 2012. A portion of our cash are restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 31 December 2013, the Group's restricted cash was approximately RMB180 million (2012: approximately RMB27 million), representing an increase of 565.7% as compared to that as at 31 December 2012.

Current Ratio and Gearing Ratio

As at 31 December 2013, the Group has current ratio (being current assets over current liabilities) of approximately 1.18 compared to that of 1.06 as at 31 December 2012. The gearing ratio was 59.8% as at 31 December 2013 compared to that of 90.6% as at 31 December 2012. The gearing ratio was measured by net debt (aggregated bank loans and other borrowings and senior note net of cash and cash equivalents, pledged deposits and restricted cash) over the total equity of the Group. The total debt (being aggregated bank loans and other borrowings and senior note) over total assets ratio continued to be healthy, maintaining at 24.6% (2012: 23.0%) as of 31 December 2013.

Borrowings and Charges on the Group's Assets

As at 31 December 2013, the Group had an aggregate interest-bearing bank and other borrowings and senior note of approximately RMB3,187 million (2012: approximately RMB2,400 million) and approximately RMB606 million (2012: RMB nil), respectively. Amongst the bank and other borrowings, approximately RMB1,082 million (2012: approximately RMB773 million) will be repayable within 1 year, approximately RMB1,792 million (2012: approximately RMB1,169 million) will be repayable between 2 to 5 years and approximately RMB313 million (2012: approximately RMB458 million) will be repayable after 5 years. The senior notes were repayable between 2 to 5 years.

As at 31 December 2013, a substantial part of the bank and other borrowings were secured by land use rights and properties of the Group. The senior note were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares. The bank and other borrowings were denominated in RMB while the senior note were denominated in U.S. dollar.

Exchange Rate Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits, bank borrowings and senior note, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings. During the year ended 31 December 2013, though the exchange rates of RMB against U.S. dollar and the Hong Kong dollar kept on increasing, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2013, the Group had committed payment for the acquisitions of land use rights and properties under development amounting to approximately RMB183 million (2012: RMB134 million) and approximately RMB1,885 million (2012: RMB1,630 million), respectively.

Contingent Liabilities

As at 31 December 2013, the Group had provided guarantees amounting to approximately RMB1,003 million (2012: approximately RMB519 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2013 as the default risk is low. The Group had also provided guarantees amounting to approximately RMB35 million and RMB56 million to banks in connection with facilities granted to third parties and a related company, respectively, as at 31 December 2012. There was no such guarantees as at 31 December 2013.

Employees and Remuneration Policies

As at 31 December 2013, the Group had approximately 3,132 employees, of which 1,322 employees involved in the property development sector and 1,810 in the property operation services sector. Total staff costs, including directors' emoluments, for the year ended 31 December 2013 amounted to approximately RMB214 million (2012: approximately RMB113 million). Remuneration is determined by reference to their performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for PRC employees), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme which became effective on 27 May 2013. In September 2013, the Group has granted share options to subscribe 93,119,611 shares of the Company in conformity with the share option scheme to some of the directors and employees of the Group, at an exercise price of HK$1.27 per share. 6,500,233 share options has lapsed during the year. Up to 31 December 2013, the outstanding share options were 86,619,378.

Use of Net Proceeds from the Company's Initial Public Offering

The Company was listed on the Stock Exchange on the Listing Date. The net proceeds from the Company's issue of new shares (after deducting the underwriting commission and estimated expenses payable by the Group in relation to the listing of the Company after the exercise of the over-allotment option) amounted to approximately HK$1,460 million including the partial exercise of over-allotment option in 5 July 2013, which are intended to be applied in compliance with the intended use of proceeds set out in the section headed "Future plans and use of proceeds" contained in the Prospectus.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK3.5 cents per share for the year ended 31 December 2013 to shareholders whose names appear on the register of members of the Company on 28 May 2014. The proposed final dividend will be paid on or about 5 June 2014 after the receipt of approval by shareholders of the Company at annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Monday, 19 May 2014 ("**AGM**"), the register of members of the Company will be closed on Tuesday, 13 May 2014 to Monday, 19 May 2014, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 12 May 2014.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Friday, 23 May 2014 to Wednesday, 28 May 2014, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 22 May 2014.

ANNUAL GENERAL MEETING

The AGM will be held on 19 May 2014 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in due course.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

The Board comprises five executive Directors and three independent non-executive Directors. The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and global economy and have contributed to the Board with their professional opinions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Listing Rules on the Stock Exchange. The Company has complied with the Code on Corporate Governance during the period from the Listing Date to 31 December 2013.

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**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors' securities transactions during the period from the Listing Date to 31 December 2013 and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The audit committee of the Company currently comprises three independent non-executive Directors, including Mr. Lo Kwong Shun Wilson, Dr. Song Ming and Prof. Shu Guoying, while Mr. Lo Kwong Shun Wilson is the chairman of the audit committee. The audit committee is to review important accounting policies, supervise the Company's financial reporting processes, monitor the performance of the external auditor and the internal audit department, review and evaluate the effectiveness of the Company's financial reporting procedures and internal control and ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board.

The audit committee together with the management of the Company has reviewed the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the annual results for the year ended 31 December 2013.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with the Listing Rules. The remuneration committee currently comprises an executive Director, Mr. Shu Cewan, and two independent non-executive Directors, Dr. Song Ming and Prof. Shu Guoying, while Dr. Song Ming is the chairman of the committee. The remuneration committee is responsible for advising the Board on the remuneration policy and framework of the Company's Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee in compliance with the Listing Rules. The nomination committee currently comprises an executive Director, Mr. Shu Cecheng, and two independent non-executive Directors, Mr. Lo Kwong Shun Wilson and Dr. Song Ming while Mr. Shu Cecheng is the chairman of the committee. The nomination committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable laws of the Cayman Islands and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares during the period from the Listing Date to 31 December 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.wz-china.com). The annual report of the Company for the year ended 31 December 2013 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By order of the Board
Wuzhou International Holdings Limited
Shu Cecheng
Chairman

Hong Kong, 19 March 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Shu Cecheng, Mr. Shu Cewan, Mr. Shu Ceyuan, Ms. Wu Xiaowu and Mr. Zhao Lidong; and the independent non-executive Directors of the Company are Dr. Song Ming, Mr. Lo Kwong Shun Wilson and Prof. Shu Guoying.