Madex International (Holdings) Limited
盛明國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00231)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The directors (the "Directors") of Madex International (Holdings) Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	*4*	**31,881**	26,702
Cost of sales		**(7,056)**	(6,933)
Gross profit		**24,825**	19,769
Other revenue	*4*	**6,254**	8,061
Administrative expenses		**(75,101)**	(47,054)
Finance costs	*5*	**(33,792)**	(42,683)
Fair value change in investment properties		**(407,080)**	92,285
Fair value change on derivative financial assets		**(2,838)**	10,453
Fair value change on derivative financial liabilities		**9,390**	2,557
Fair value change on contingent consideration		**19,733**	(1,546)
Derecognition of contingent consideration		**49,655**	-
Written back of impairment loss in respect of other receivables		**-**	289
Impairment loss on goodwill		**-**	(9,780)
Impairment loss recognised in respect of trade and other receivables		**(272)**	(377)
Share of profits of a joint venture		**3,371**	3,507
(Loss) / profit before tax		**(405,855)**	35,481
Income tax credit / (expenses)	*6*	**101,769**	(23,071)
(Loss) / profit for the year	*7*	**(304,086)**	12,410
(Loss) / profit for the year attributable to owners of the Company		**(304,086)**	16,925
Loss for the year attributable to non-controlling interests		**-**	(4,515)
		(304,086)	12,410
(Loss) / earnings per share	*8*		
- Basic and diluted		**(2.58 cents)**	0.17 cents

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	2012
	HK$'000	HK$'000
(Loss) / profit for the year	**(304,086)**	12,410
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements	**42,842**	11,999
Other comprehensive income for the year	**42,842**	11,999
Total comprehensive (expense) / income for the year	**(261,244)**	24,409
Total comprehensive (expense) / income attributable to:		
Owners of the Company	**(261,244)**	29,148
Non-controlling interests	**-**	(4,739)
	(261,244)	24,409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	**2013**	2012
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**32,736**	32,212
Investment properties		**2,974,424**	3,098,756
Intangible asset		**39,842**	42,305
Available-for-sale investments		**-**	-
Interest in a joint venture		**47,097**	43,725
		3,094,099	3,216,998
CURRENT ASSETS			
Trade and other receivables	*9*	**73,108**	22,018
Pledged bank balances		**140**	135
Derivative financial assets		**5,839**	30,852
Bank balances and cash		**41,283**	6,909
		120,370	59,914
CURRENT LIABILITIES			
Other payables	*10*	**382,505**	200,326
Borrowings		**123,046**	148,413
Tax liabilities		**210**	210
Amount due to a related party		**2,564**	2,564
Amount due to a shareholder		**18,548**	86,172
Amount due to a joint venture		**49,503**	7,274
Derivative financial liabilities		**18,039**	97,528
		594,415	542,487
NET CURRENT LIABILITIES		**(474,045)**	(482,573)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,620,054**	2,734,425
CAPITAL AND RESERVES			
Share capital		**592,132**	542,218
Reserves		**757,794**	934,676
TOTAL EQUITY		**1,349,926**	1,476,894
NON-CURRENT LIABILITIES			
Borrowings		**709,868**	462,687
Deferred tax liabilities		**379,204**	467,349
Convertible notes		**36,492**	113,543
Provision for contingent consideration		**144,564**	213,952
		1,270,128	1,257,531
		2,620,054	2,734,425

Notes:

1. Basis of preparation

The Group's current liabilities exceeded its current assets by approximately HK$474,045,000 as at 31 December 2013. Nevertheless, the consolidated financial statements of the Group have been prepared by the directors of the Company on a going concern basis.

In the opinion of directors of the Company, the Group is able to maintain itself as a going concern in the coming year by taking into consideration that:

(i) the Group is able to generate positive cash flows.

(ii) a standby loan facility of RMB180,000,000 (approximately HK$230,179,000) has been granted to the Group from 20 March 2014 to 20 September 2016 per a loan confirmation letter signed on 20 March 2014. The terms of the loan including interests charged, securities/guarantee provided, loan period and repayment terms are negotiable upon the withdrawal of loans.

(iii) bank loans with the aggregate carrying amount of approximately HK$15,154,000 that are repayable more than one year after the end of the reporting period per loan agreements, with repayment on demand clause, have been classified as current liabilities as at 31 December 2013 in order to comply with the requirements set out in Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position, the directors of the Company believe that the bank will not exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

(iv) as at 31 December 2013, included in the current liabilities of the Group was derivative financial liabilities of approximately HK$18,039,000 which represented an option to ensure the holders to subscribe for convertible notes to be issued with a maturity date of 5 years upon issuance of the convertible notes on 7 July 2011. Such derivative financial liabilities shall not have any cash outflow impact on the Group.

Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. Application of new and revised Hong Kong financial reporting standards ("HKFRSs")

New standards, amendments and interpretations to HKFRS that are effective for accounting periods beginning on or after 1 January 2013.

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2013.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)

HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of financial statements – Presentation of items of other comprehensive income
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle except for HKAS1(Amendments)
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures
In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10
HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) Int-12 "Consolidation — Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs and concluded that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

2. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)**

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly controlled entities — non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investments in Madex (Zhuhai) Limited, which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the equity method, should be classified as joint venture under HKFRS 11 and accounted for using the equity method. Therefore, the application of HKFRS 11 in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years and/or the disclosures set out in the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements with respect to the Group's interests in joint venture.

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

2. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)**

HKFRS 13 "Fair value measurement" (Cont'd)
HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income
The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial instruments: Hedge accounting[4]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application is permitted.
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
4 Effective for annual periods beginning on or after 1 January 2015.
5 Effective for annual periods beginning on or after 1 January 2016.

The directors are in the process of making an assessment of the potential impacts of these new and revised HKFRSs and they are so far concluded that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performances focuses more specifically on the nature of industries.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Property leasing	Property leased for rental income
Right to receive royalty fee	Royalty fee related to the royalty right leasing
Trading of goods	Trading of goods

Segment revenues and results

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

For the year ended 31 December 2013

	Property leasing	Right to receive royalty fee	Trading of goods	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	22,477	9,404	-	31,881
Segment loss	(424,745)	(2,782)	-	(427,527)
Unallocated corporate expenses				(26,807)
Unallocated other revenue				78,900
Share of profits of a joint venture				3,371
Finance costs				(33,792)
Loss before tax				(405,855)

For the year ended 31 December 2012

	Property leasing	Right to receive royalty fee	Trading of goods	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	19,316	7,366	20	26,702
Segment profit / (loss)	96,843	(3,293)	(737)	92,813
Unallocated corporate expenses				(18,353)
Unallocated other revenue				197
Share of profits of a joint venture				3,507
Finance costs				(42,683)
Profit before tax				35,481

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit / (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, directors' emoluments, share of profits of a joint venture, impairment loss recognised in respect of other receivables, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

3. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2013 HK$'000	2012 HK$'000
Segment assets		
Property leasing	**3,058,409**	3,117,207
Right to receive royalty fee	**42,532**	46,326
Trading of goods	**-**	-
Total segment assets	**3,100,941**	3,163,533
Unallocated corporate assets	**113,528**	113,379
Consolidated assets	**3,214,469**	3,276,912
Segment liabilities		
Property leasing	**1,310,377**	246,630
Right to receive royalty fee	**115**	19,448
Trading of goods	**-**	-
Total segment liabilities	**1,310,492**	266,078
Unallocated corporate liabilities	**554,051**	1,533,940
Consolidated liabilities	**1,864,543**	1,800,018

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segment assets other than certain other receivables, interest in a jointly controlled entity, equipment of head office, pledged bank balances, bank balances and cash, derivative financial assets and deferred tax assets.

- all liabilities are allocated to operating segment liabilities other than bank borrowings, tax liabilities, deferred tax liabilities, certain other payables, derivative financial instrument, convertible notes and provision for contingent consideration.

4. REVENUE AND OTHER REVENUE

Revenue represents revenue arising on sales of finished goods, gross rental income from investment property and royalty income for the year. An analysis of the Group's revenue for the year is as follows:

	2013 HK$'000	2012 HK$'000
Revenue		
Gross rental income from investment properties (note)	**22,477**	19,316
Royalty income	**9,404**	7,366
Trading of goods	**-**	20
	31,881	26,702
Other Revenue		
Interest income from banks	**122**	196
Write-back of other tax in PRC	**-**	7,852
Sundry income	**38**	13
Government grant	**6,094**	-
	6,254	8,061

Note: The direct operating expenses of approximately HK$3,032,000 (2012: HK$2,940,000) was incurred from investment property that generated rental income during the year.

5. FINANCE COSTS

	2013 **HK$'000**	2012 HK$'000
Interests on:		
- bank borrowings and other interest bearing borrowings wholly repayable within five years	**28,437**	14,204
- bank borrowings and other interest bearing borrowings wholly repayable over five years	**295**	6,478
- effective interest expenses on convertible notes	**5,060**	22,001
Borrowing costs incurred in connection with bank borrowings for investment properties under redevelopment	**36,388**	29,252
Total borrowing costs	**70,180**	71,935
Less: amounts capitalised	**(36,388)**	(29,252)
	33,792	42,683

6. INCOME TAX CREDIT / (EXPENSES)

	2013 **HK$'000**	2012 HK$'000
Current tax		
PRC Enterprise Income Tax		
- Current year	**-**	-
	-	-
Deferred tax		
- Current year	**101,769**	(23,071)
	101,769	(23,071)

No provision for Hong Kong Profits Tax has been made as the Group does not have any assessable profits subject to Hong Kong Profits Tax for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the Enterprise Income Tax ("EIT") Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$nil (2012: approximately HK$15,408,000) as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

6. INCOME TAX CREDIT / (EXPENSES) (Cont'd)

The tax charge for the years can be reconciled to the (loss) / profit before tax per the consolidated income statement as follows:

	2013	2012
	HK$'000	HK$'000
(Loss) / profit before tax	**(405,855)**	35,481
Tax at the domestic tax rate applicable to (loss) / profit in the respective countries	**106,037**	(11,595)
Tax effect of share of profits of a joint venture	**556**	579
Tax effect of expenses not deductible for tax purpose	**(4,676)**	(12,906)
Tax effect of income not taxable for tax purpose	**12,997**	3,599
Tax losses not recognised	**(13,145)**	(2,748)
Tax charge for the year	**101,769**	(23,071)

The Group has tax losses arising in Hong Kong and the PRC of approximately HK$61,210,000 (2012: approximately HK$61,210,000) and approximately HK$129,334,000 (2012: approximately HK$95,066,000) respectively. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The tax losses arising in the PRC are available for offsetting against future five years taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profits streams.

7. (LOSS) / PROFIT FOR THE YEAR

(Loss) / profit for the year has been arrived at after charging:

	2013	2012
	HK$'000	HK$'000
Staff costs:		
Directors' emoluments	**4,099**	3,905
Other staff costs	**13,612**	9,752
Retirement benefit scheme contributions (excluding directors)	**76**	58
Total staff costs	**17,787**	13,715
Amortisation of an intangible asset (included in cost of sales)	**3,625**	3,480
Amortisation of prepaid lease payments	**-**	69
Depreciation for property, plant and equipment	**1,593**	1,148
Total depreciation and amortisation	**5,218**	4,697
Impairment loss recognised on trade and other receivables	**272**	377
Auditors' remuneration	**900**	850
Minimum lease payments under operating lease charges	**765**	444
Impairment loss recognised on property, plant and equipment, prepaid lease payments and others	**-**	8,478
Cost of inventories recognised as an expense	**-**	128

8. (LOSS) / EARNINGS PER SHARE

(a) Basic (loss) / earnings per share

The calculation of the basic (loss) / earnings per share are based on the following data:

	2013	2012
	HK$'000	HK$'000
(Loss) / profit for the year attributable to the owners of the Company	**(304,086)**	16,925

	2013	2012
	'000	'000
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**10,844,367**	8,307,327
Effect of shares issued upon conversion of convertible notes	**951,785**	1,706,539
Weighted average number of ordinary shares at 31 December	**11,796,152**	10,013,866

(b) Diluted (loss) / earnings per share

The calculation of the diluted (loss) / earnings per share are based on the following data:

	2013	2012
	HK$'000	HK$'000
(Loss) / profit for the year attributable to the owners of the Company	**(304,086)**	16,925
After tax effect of effective interest on the liability component of convertible bonds	**(1,492)**	16,705
(Loss) /profit for the year attributable to owners of the Company (diluted)	**(305,578)**	33,630

Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	'000
Numbers of shares		
Weighted average number of ordinary shares at 31 December	**11,796,152**	10,013,866
Effect of the dilutive potential ordinary shares	**390,625**	1,388,905
Weighted average number of ordinary shares used in the calculation of diluted (loss) / earnings per share	**12,186,777**	11,402,771

The diluted (loss) / earnings per share for the years ended 31 December 2013 and 31 December 2012 is equivalent to the basic (loss) / earnings per share for both years as the potential shares arising from the conversion of the convertible bonds would increase the earnings / decrease the loss per share of the Group for the year, and is regarded as anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	**9,200**	7,083
Less: allowance for doubtful debts	**-**	-
	9,200	7,083
Other receivables	**18,916**	11,367
Prepayment and deposits	**44,992**	3,568
	73,108	22,018

The credit period granted to the Group's trade receivables generally ranges from 30 to 120 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period. The Group does not hold any collateral over these balances.

	2013 HK$'000	2012 HK$'000
Within 3 months	**2,398**	1,841
4 to 6 months	**2,398**	1,841
Over 6 months	**4,404**	3,401
Total	**9,200**	7,083

10. OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Construction cost payables, other payables and accrued charges	**120,597**	49,355
Outstanding consideration for acquisition of an intangible asset through acquisition of a subsidiary	**10,000**	10,000
Refundable deposits received	**108,173**	101,623
Rental received in advance	**42,735**	39,348
Deposit received for disposal of subsidiaries	**101,000**	-
	382,505	200,326

MODIFICATION IN INDEPENDENT AUDITOR'S REPORT

The auditor's report on the consolidated financial statements for the year ended 31 December 2013 was modified as follows:

"Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group's current liabilities exceeded its current assets by approximately HK$474,045,000 as at 31 December 2013. As explained in note 2, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would result from the failure to operate as a going concern."

DIVIDENDS

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2013 (2012: nil).

RESULTS

For the year ended 31 December 2013, the Group recorded an audited consolidated turnover of approximately HK$31,881,000, representing an increase of approximately 19% as compared to HK$26,702,000 for the year ended 31 December 2012; and a net loss of approximately HK$304,086,000, as against the net profit of approximately HK$12,410,000 for the year ended 31 December 2012. The loss was mainly attributable to the effect on fair value change on investment properties.

BUSINESS REVIEW

In 2013, the economic growth of mainland China showed signs of slowing down, partly due to the economic reform undergoing by the China government in a bid to trade off short term growth for long term sustainable development.

As before, the Group's mall in Harbin was the principal income earner of the Group in the year. The mall brought us a rental income of approximately HK$19,531,000 during the year. As a move of portfolio adjustment, the Group signed a sale and purchase agreement in September 2013 for the disposal of Harbin Mall and the disposal was completed in February 2014. The management regarded it a good timing to realise the appreciation of the mall.

Shenghui Plaza, the Group's flagship arcade which is strategically located in Chongqing, the only municipality directly under the central government in western China, has been opened for business since late 2013. The delay in decoration works has resulted in the extension of rent free period. Hence, minimal rental income from the mall was booked during the year. The Group received approximately HK$9,404,000 and HK$3,371,000 being royalty fee income and share of profit respectively from the Xiangquan Hotel project and another joint venture project in 2013.

PROSPECTS AND OUTLOOK

Looking forward in 2014, the uncertainty over the global economy will remain, following the trend from 2013. The halt of constant appreciation of Renmibi and the enhanced two-way fluctuation of Renmibi exchange rate will cast more uncertainty in the Chinese economy; it is generally foreseen that the GDP of China will drop further as a result. However, the Group sees this as a good opportunity for an economic reform of China to slightly shift from export-driven to domestic consumption, which is advantageous to our lifestyle mall business.

Following the completion of the disposal of our Harbin Mall in late February 2014, Shenghui Plaza had become the main profit generator of the Group. It is expected that with the opening of 2 metro line exits directly into and alongside Shenghui Plaza in early 2014, the accessibility of the Plaza will greatly enhance shopper traffic, in turn benefiting the Plaza as a whole.

With the continuing growth of local business driven economy and the interlink by high speed rail lines and highway networks, the major cities in the Pan-Pearl River Delta region have attracted our attention. We believe that the integration of infrastructure, industries and the urbanization of the region will make it one of the most fast growing in China. To capitalise on the enormous potential in the Pan-Pearl River Delta region, the Group will identify investment opportunities in property projects therein from time to time.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENTS

As at 31 December 2013, the Group's current assets and current liabilities were HK$120,370,000 and HK$594,415,000 respectively. The total secured bank and other loans amounted to HK$813,185,000 and HK$8,056,000 respectively.

As at 31 December 2013, main charges on assets of the Group included bank balances of HK$140,000, investment properties with fair value of HK$2,974,424,000 and leasehold land and buildings with carrying amount of approximately HK$29,231,000.

As at 31 December 2013, the Group had no capital commitments.

The Group's gearing ratio as at 31 December 2013 was 58%, which is calculated on the Group's total liabilities divided by its total assets.

FOREIGN EXCHANGE RISK

The Group's operations are principally in the PRC and all assets and liabilities were denominated either in Renminbi or Hong Kong dollars. The Directors considers that the Group does not have any material exposure to fluctuations in exchange. Therefore, no hedging measures have been taken at present.

CONTINGENT LIABILITIES

During the period from 1 January 2004 to 31 December 2006, certain units and shops of the investment properties located in Chongqing had been sold to the independent third parties (the "Buyers") under the Sale and Purchase Agreements (the SP Agreements"). The leasing agency contracts and the mortgage contracts were signed together with SP Agreements among the Buyers, Chongqing Kings Mall Real Estate Development Company Limited ("Kings Development") and Jia Jun Business Management Consultants Limited ("Jia Jun"). Pursuant to the terms of the leasing agency contracts, Jia Jun would pay the Buyers an annual rental income equivalent to ten percent of the purchase price of the properties over twenty years.

Based on the legal advice from the legal adviser to the Group, the directors of the Company considered that they have strong and valid ground of defence in relation to the potential claims in respect of the Buyers without entering into the cancellation agreements ("Problematic Properties") and the directors of the Company considered that Kings Development would not suffer material financial losses arising from such litigation and has the right to occupy and lease the Problematic Properties to other tenants to generate rental income.

On 27 February 2011, pursuant to a deed of indemnity being executed by Profit China Investments Development Limited ("Profit China") and Mr. Liang Wenguan ("Mr. Liang") in favour of the Group at the date of acquisition completion, Profit China and Mr. Liang will indemnify the Group against all costs that the Group may suffer in relation to the investment properties acquired on the acquisition of Kings Development and its subsidiary and holding companies (the "Acquired Group") and any disputes and litigation (whether commencing before or after the acquisition completion) against the Group arising or accruing in relation to the operation of the Acquired Group on or before the date of acquisition completion (the "Indemnified Liabilities").

In addition, on 19 May 2011, Zhu Hai Port Plaza Development Company Limited entered into an undertaking to pay the aforesaid Indemnified Liabilities to the extent that such losses, liabilities and expenses have not been settled by Mr. Liang pursuant to his obligations under the indemnity agreement executed by him in favour of Kings Development that Kings Development may suffer.

EVENTS AFTER THE REPORTING PERIOD

The Group entered into a conditional sale and purchase agreement with an independent third party on 17 September 2013 to dispose of the Group's equity interest in Dynamic Progress Development Limited for consideration of RMB150,000,000 and the transaction was completed on 28 February 2014.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of approximately 100 employees, who were remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training was provided to its staff from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE OF CORPORATE GOVENANCE PRACTICE

During the year, the Company has complied with the code provisions in the Code of Corporate Governance Practice (the "CG Code") contained in Appendix 14 to the Listing Rules, except the deviations from the CG Code as described below:

(1) Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same person. The Company has no CEO. Decisions of the Company are made collectively by the executive Directors. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

(2) Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. None of the independent non-executive Directors are appointed for a specific term but all of them would be subject to retirement by rotation in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

Regular meetings have been held by the Audit Committee since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed the financial statement of the Group for the year ended 31 December 2013 and discussed with management and the external auditors the accounting principles and policies adopted by the Company.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the year.

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

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.madex.com.hk). 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 posted on the above websites in due course.

By Order of the Board of
Madex International (Holdings) Limited
Liang Wenguan
Chairman & Executive Director

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises Mr. Liang Wenguan (Chairman), Mr. Zhang Guodong and Ms. Liang Huixin as Executive Directors; and Dr. Dong Ansheng and Mr. Hung Hing Man as Independent Non-executive Directors.