方興地產

FRANSHION PROPERTIES (CHINA) LIMITED

方 興 地 產 （ 中 國 ） 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHT

- Revenue for the year ended 31 December 2013 was HK$20,718.9 million, representing an increase of 21% over the same period of 2012.
- Profit attributable to owners of the parent was HK$4,227.2 million, representing an increase of 25% over the same period of 2012.
- Profit attributable to owners of the parent net of fair value gains on investment properties (net of deferred tax) was HK$2,910.3 million, representing an increase of 35% over the same period of 2012.
- For the year ended 31 December 2013, the Group accumulated a property contracted sales amount of RMB14,590.5 million (2012: RMB10,706.9 million) and a sales amount for primary land development of RMB6,403.5 million (2012: RMB5,086.0 million), totalling RMB20,994.0 million (2012: RMB15,792.9 million).
- For the year ended 31 December 2013, the Group accumulated a property contracted sales GFA of 572,949 square metres (2012: GFA of 342,009 square metres), and the total GFA of the granted land for primary land development was 2,125,741 square metres (2012: total GFA of 2,303,949 square metres).
- Basic earnings per share amounted to HK46.14 cents, representing an increase of 25% over the same period of 2012.
- Basic earnings per share net of fair value gains on investment properties (net of deferred tax) amounted to HK31.77 cents, representing an increase of 35% over the same period of 2012.
- Proposed final dividend was HK9.5 cents per share, representing an increase of approximately 36% over the same period of 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	**20,718,913**	17,175,666
Cost of sales		**(11,518,572)**	(9,976,971)
Gross profit		**9,200,341**	7,198,695
Other income and gains	4	**2,355,290**	1,931,279
Selling and marketing expenses		**(623,758)**	(439,132)
Administrative expenses		**(1,161,582)**	(968,054)
Other expenses and losses		**(20,341)**	(15,859)
Finance costs	6	**(1,324,626)**	(986,043)
Share of profits of joint ventures		**2,293**	2,463
PROFIT BEFORE TAX	5	**8,427,617**	6,723,349
Income tax expense	7	**(3,393,261)**	(2,783,013)
PROFIT FOR THE YEAR		**5,034,356**	3,940,336
Attributable to:			
Owners of the parent		**4,227,150**	3,377,727
Non-controlling interests		**807,206**	562,609
		5,034,356	3,940,336
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9	***HK cents***	*HK cents*
Basic		**46.14**	36.87
Diluted		**39.12**	31.26

Details of the dividends payable and proposed for the year are disclosed in note 8 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**5,034,356**	3,940,336
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,595,789**	8,492
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**15,764**	9,471
Income tax effect	**(3,941)**	(2,368)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**11,823**	7,103
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,607,612**	15,595
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**6,641,968**	3,955,931
Attributable to:		
Owners of the parent	**5,602,127**	3,388,321
Non-controlling interests	**1,039,841**	567,610
	6,641,968	3,955,931

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,908,733**	6,955,608
Properties under development		**33,318,338**	13,047,328
Land under development		**4,548,847**	5,407,703
Investment properties		**22,018,464**	16,574,733
Prepaid land lease payments		**2,008,359**	1,664,341
Intangible assets		**29,790**	22,419
Investments in joint ventures		**42,052**	38,516
Due from non-controlling shareholders		**254,380**	123,330
Deferred tax assets		**951,253**	427,852
Other financial assets		**42,629**	41,335
Total non-current assets		**74,122,845**	44,303,165
CURRENT ASSETS			
Properties under development		**10,713,573**	10,383,932
Properties held for sale		**5,915,469**	3,078,117
Land under development		**5,162,762**	6,695,959
Inventories		**31,577**	29,555
Trade receivables	*10*	**4,202,014**	2,003,074
Prepayments, deposits and other receivables	*11*	**5,286,473**	2,400,952
Due from related parties		**11,790**	12,360
Prepaid tax		**472,087**	7,375
Other financial assets		**131,324**	123,330
Restricted bank balances		**303,400**	355,222
Pledged deposits		**–**	220,761
Cash and cash equivalents		**14,489,962**	12,888,442
Total current assets		**46,720,431**	38,199,079
CURRENT LIABILITIES			
Trade payables	*12*	**5,304,170**	2,525,712
Other payables and accruals	*13*	**20,948,522**	11,942,458
Interest-bearing bank and other borrowings	*14*	**6,139,184**	8,952,176
Due to related parties		**3,443,604**	99,634
Tax payable		**1,575,317**	1,160,869
Provision for land appreciation tax		**2,193,118**	1,045,194
Total current liabilities		**39,603,915**	25,726,043

	Notes	2013 HK$'000	2012 HK$'000
NET CURRENT ASSETS		**7,116,516**	12,473,036
TOTAL ASSETS LESS CURRENT LIABILITIES		**81,239,361**	56,776,201
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*14*	**29,666,951**	19,323,246
Deferred tax liabilities		**4,352,954**	2,950,125
Total non-current liabilities		**34,019,905**	22,273,371
Net assets		**47,219,456**	34,502,830
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**9,161,489**	9,161,489
Perpetual convertible securities		**4,588,000**	4,588,000
Reserves		**18,942,053**	14,487,048
Proposed final dividend	*8*	**870,342**	641,304
		33,561,884	28,877,841
Non-controlling interests		**13,657,572**	5,624,989
Total equity		**47,219,456**	34,502,830

He Cao
Director

Li Congrui
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	**2013**	2012
		HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,427,617**	6,723,349
Adjustments for:			
Finance costs	*6*	**1,324,626**	986,043
Share of profits of joint ventures		**(2,293)**	(2,463)
Bank interest income	*4*	**(187,242)**	(169,535)
Other investment income	*4*	**(74,925)**	(28,628)
Loss on disposal of items of property, plant and equipment	*5*	**1,398**	15,540
Impairment of items of property, plant and equipment	*5*	**2,108**	–
Impairment of trade receivables	*5*	**16,794**	319
Impairment of other receivables	*5*	**41**	–
Fair value gains on investment properties	*4*	**(1,831,346)**	(1,625,855)
Fair value gains on transfers from properties held for sale to investment properties	*4*	**(5,932)**	(9,646)
Depreciation	*5*	**268,842**	222,806
Recognition of prepaid land lease payments	*5*	**60,312**	50,974
Amortisation of intangible assets	*5*	**10,428**	7,985
Gain on bargain purchase	*4*	**(142,912)**	–
Equity-settled share option expense		**18,150**	1,892
		7,885,666	6,172,781
Increase in properties under development		**(27,725,517)**	(12,793,599)
Decrease in properties held for sale		**5,412,774**	6,616,216
Decrease/(increase) in land under development		**3,198,233**	(174,786)
Decrease/(increase) in inventories		**(299)**	2,562
Increase in trade receivables		**(2,200,117)**	(1,898,280)
Increase in prepayments, deposits and other receivables		**(1,400,170)**	(462,690)
Decrease in amounts due from related parties		**570**	9,101
Increase in trade payables		**2,573,594**	180,220
Increase in other payables and accruals		**6,562,230**	4,201,626
Increase in amounts due to related parties		**3,343,970**	20,339
Effect of exchange rate changes, net		**(472,397)**	(37,450)
Cash generated/(used in) from operations		**(2,821,463)**	1,836,040
Interest received		**189,731**	170,735
PRC corporate income tax paid		**(1,951,607)**	(617,476)
Land appreciation tax paid		**(413,365)**	(519,395)
Net cash flows from/(used in) operating activities		**(4,996,704)**	869,904

	Note	**2013**	2012
		HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		**74,925**	28,628
Purchases of items of property, plant and equipment		**(807,941)**	(309,720)
Proceeds from disposal of items of property, plant and equipment		**2,106**	2,883
Additions to investment properties		**(27,368)**	(20,492)
Additions to prepaid land lease payments		**(12,521)**	(1,291)
Additions to intangible assets		**(12,440)**	(3,626)
Decrease/(increase) in other financial assets		**100,754**	(123,330)
Acquisition of subsidiaries	*15*	**(177,799)**	24,681
Advances of loans to non-controlling shareholders		**(1,267,193)**	(431,655)
Decrease/(increase) in entrustment loans to third parties		**10,301**	(247,129)
Decrease/(increase) in time deposits with original maturity of over three months when acquired without option to withdraw upon demand similar to demand deposits		**266,691**	(180,485)
Decrease in pledged deposits		**220,761**	15,841
Decrease/(increase) in restricted bank deposits		**625,371**	(223,344)
Net cash flows used in investing activities		**(1,004,353)**	(1,469,039)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**25,960,790**	16,487,938
Repayment of bank and other borrowings		**(21,338,623)**	(13,368,990)
Interest paid		**(1,947,173)**	(949,439)
Repayment of advances from non-controlling shareholders		**–**	(900,455)
Dividends paid		**(641,304)**	(366,460)
Dividends paid to non-controlling shareholders		**(957,464)**	(45)
Advance to a non-controlling shareholder		**–**	(184,990)
Advances from non-controlling shareholders		**240,677**	–
Capital contribution from non-controlling shareholders		**6,564,743**	701,764
Capital returned to non-controlling shareholders		**–**	(9,102)
Perpetual convertible securities' distributions paid		**(317,424)**	(316,661)
Net cash flows from financing activities		**7,564,222**	1,093,560
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,563,165**	494,425
Cash and cash equivalents at beginning of year		**12,621,751**	12,137,439
Effect of foreign exchange rate changes, net		**305,046**	(10,113)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**14,489,962**	12,621,751

	2013 *HK$'000*	2012 *HK$'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**12,403,941**	8,407,987
Non-pledged time deposits with original maturity of within three months when acquired	**1,977,142**	4,132,980
Non-pledged time deposits with original maturity of over three months when acquired with option to withdraw upon demand similar to demand deposits	**108,879**	80,784
	14,489,962	12,621,751
Non-pledged time deposits with original maturity of over three months when acquired without option to withdraw upon demand similar to demand deposits	**–**	266,691
Cash and cash equivalents as stated in the statement of financial position	**14,489,962**	12,888,442

1. CORPORATE INFORMATION

Franshion Properties (China) Limited (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- property and land development
- property leasing
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), 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, certain other financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars 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 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 HKFRSs for the first time for the current year's financial statements.

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

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgment to determine which entities are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Ventures*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

(c) HKFRS 12 set out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements,* HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied.

The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(h) Annual Improvements 2009-2011 Cycle issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 Presentation of Financial Statements: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 Financial Instruments: Presentation: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

The Group previously initially early adopted HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011) and HKAS 28 (2011) (or its revised standards) for its consolidated financial statements for the year ended 31 December 2011. The adoption of HKFRS 10, HKAS 27(2011) and HKAS 28(2011) has no material impact on the accounting policies of the Group and has no material impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

(a) the property and land development segment develops and sells properties and develops land;

(b) the property leasing segment leases office and commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, the operation of an observation deck, the trading of goods, and the provision of export agency services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income, gain on bargain purchase and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax, pledged deposits, restricted bank balances, cash and cash equivalents, certain other financial assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Year ended 31 December 2013	Property and land development HK$'000	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	**16,867,694**	**1,248,794**	**2,061,232**	**541,193**	**20,718,913**
Intersegment sales	**–**	**6,255**	**–**	**591,334**	**597,589**
	16,867,694	**1,255,049**	**2,061,232**	**1,132,527**	**21,316,502**
Reconciliation:					
Elimination of intersegment sales					**(597,589)**
Total revenue					**20,718,913**
Segment results	**6,249,932**	**2,809,229**	**395,303**	**45,540**	**9,500,004**
Reconciliation:					
Elimination of intersegment results					**(8,224)**
Interest income					**187,242**
Other investment income					**74,925**
Gain on bargain purchase					**142,912**
Corporate and other unallocated expenses					**(144,616)**
Finance costs					**(1,324,626)**
Profit before tax					**8,427,617**
Segment assets	**73,954,961**	**22,192,267**	**15,369,293**	**757,319**	**112,273,840**
Reconciliation:					
Elimination of intersegment assets					**(16,686,729)**
Corporate and other unallocated assets					**25,256,165**
Total assets					**120,843,276**
Segment liabilities	**31,431,946**	**1,006,499**	**5,664,886**	**665,920**	**38,769,251**
Reconciliation:					
Elimination of intersegment liabilities					**(16,541,102)**
Corporate and other unallocated liabilities					**51,395,671**
Total liabilities					**73,623,820**
Other segment information:					
Share of profits of joint ventures	**–**	**–**	**–**	**2,293**	**2,293**
Depreciation and amortisation	**10,869**	**20,937**	**232,299**	**15,165**	**279,270**
Recognition of prepaid land lease payments	**2,650**	**–**	**57,550**	**112**	**60,312**
Loss on disposal of items of property, plant and equipment	**–**	**455**	**898**	**45**	**1,398**
Impairment losses recognised in the statement of profit or loss	**66**	**16,436**	**1,876**	**565**	**18,943**
Fair value gains on investment properties	**–**	**1,831,346**	**–**	**–**	**1,831,346**
Fair value gains on transfers from properties held for sale to investment properties	**–**	**5,932**	**–**	**–**	**5,932**
Investments in joint ventures	**–**	**–**	**–**	**42,052**	**42,052**
Capital expenditure*	**457,727**	**29,602**	**755,188**	**14,683**	**1,257,200**

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties including assets from the acquisition of a subsidiary.

Year ended 31 December 2012	Property and land development *HK$'000*	Property leasing *HK$'000*	Hotel operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	13,445,438	1,106,417	2,010,179	613,632	17,175,666
Intersegment sales	–	4,865	8,960	383,370	397,195
	13,445,438	1,111,282	2,019,139	997,002	17,572,861
Reconciliation:					
Elimination of intersegment sales					(397,195)
Total revenue					17,175,666
Segment results	4,659,105	2,623,052	442,871	59,863	7,784,891
Reconciliation:					
Elimination of intersegment results					(3,874)
Interest income					169,535
Other investment income					28,628
Corporate and other unallocated expenses					(269,788)
Finance costs					(986,043)
Profit before tax					6,723,349
Segment assets	53,292,918	17,574,980	15,570,646	596,543	87,035,087
Reconciliation:					
Elimination of intersegment assets					(27,968,616)
Corporate and other unallocated assets					23,435,773
Total assets					82,502,244
Segment liabilities	26,142,592	434,459	7,930,371	458,472	34,965,894
Reconciliation:					
Elimination of intersegment liabilities					(27,294,956)
Corporate and other unallocated liabilities					40,328,476
Total liabilities					47,999,414
Other segment information:					
Share of profits of joint ventures	–	–	–	2,463	2,463
Depreciation and amortisation	6,802	3,379	203,522	17,088	230,791
Recognition of prepaid land lease payments	1,400	–	48,482	1,092	50,974
Loss on disposal of items of property, plant and equipment	7	397	14,252	884	15,540
Impairment losses recognised in the statement of profit or loss	–	–	319	–	319
Fair value gains on investment properties	–	1,625,855	–	–	1,625,855
Fair value gains on transfers from properties held for sale to investment properties	–	9,646	–	–	9,646
Investments in joint ventures	–	–	–	38,516	38,516
Capital expenditure*	160,066	22,411	54,941	85,610	323,028

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

Information about major customers

During the year, there was one customer accounted for 10% or more of the Group's revenue and its revenues amounted to HK$2,050,657,000. In 2012, there was one customer accounted for 10% or more of the Group's revenue and its revenues amounted to HK$2,704,035,000.

The sales to the above customers were included in the property and land development segment.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties and the land development, net of business tax; gross rental income from investment properties, net of business tax; income from hotel operations, property management and related services rendered, net of business tax; an appropriate proportion of contract revenue of service contracts; and the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Note	**2013** **HK$'000**	2012 HK$'000
Revenue			
Sale of properties		**9,708,112**	10,796,423
Land development		**7,159,582**	2,649,015
Gross rental income		**1,248,794**	1,106,417
Hotel operations		**2,061,232**	2,010,179
Others		**541,193**	613,632
		20,718,913	17,175,666
Other income			
Bank interest income		**187,242**	169,535
Other investment income		**74,925**	28,628
		262,167	198,163
Gains			
Fair value gains on investment properties		**1,831,346**	1,625,855
Fair value gains on transfers from properties held for sale to investment properties		**5,932**	9,646
Foreign exchange differences, net		**–**	11,658
Government grants*		**81,267**	70,725
Gain on bargain purchase	*15*	**142,912**	–
Others		**31,666**	15,232
		2,093,123	1,733,116
		2,355,290	1,931,279

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of properties sold	**5,314,194**	6,340,542
Cost of land development	**4,582,448**	2,058,284
Cost of services provided	**1,621,930**	1,578,145
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**156,528**	111,134
Depreciation	**268,842**	222,806
Amortisation of intangible assets	**10,428**	7,985
Minimum lease payments under operating leases in respect of land and buildings	**31,368**	14,240
Recognition of prepaid land lease payments	**60,312**	50,974
Auditors' remuneration	**4,400**	4,000
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**932,775**	728,114
Equity-settled share option expense	**18,150**	1,892
Pension scheme contributions (defined contribution scheme)	**109,766**	85,374
Less: Amount capitalised	**(13,050)**	(6,625)
Net pension scheme contributions*	**96,716**	78,749
	1,047,641	808,755
Foreign exchange differences, net	**13,482**	(11,658)
Loss on disposal of items of property, plant and equipment**	**1,398**	15,540
Impairment of trade receivables**	**16,794**	319
Impairment of other receivables**	**41**	–
Impairment of items of property, plant and equipment**	**2,108**	–

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

** These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**1,636,536**	1,445,727
Interest on notes wholly repayable beyond five years	**343,671**	264,236
Interest on an amount due to a fellow subsidiary	**18,429**	11,307
Total interest expense	**1,998,636**	1,721,270
Less: Interest capitalised	**(674,010)**	(735,227)
	1,324,626	986,043

7. INCOME TAX

	Group	
	2013	2012
	HK$'000	*HK$'000*
Current		
PRC corporate income tax	**2,125,837**	1,381,979
PRC land appreciation tax	**1,285,905**	1,145,318
	3,411,742	2,527,297
Deferred	**(18,481)**	255,716
Total tax charge for the year	**3,393,261**	2,783,013

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2012: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

8. DIVIDEND

	2013	2012
	HK$'000	*HK$'000*
Proposed final – HK9.5 cents (2012: HK7.0 cents) per ordinary share	**870,342**	641,304

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

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

The calculation of the basic earnings per share amount 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 9,161,489,489 (2012: 9,161,489,489) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of the Group's perpetual convertible securities into ordinary shares. As the impact of the Company's share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented, they were not accounted for in the calculation of the diluted earnings per share amount.

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

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**4,227,150**	3,377,727

	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	**9,161,489,489**	9,161,489,489
Effect of dilution – weighted average number of ordinary shares:		
Perpetual convertible securities	**1,644,763,250**	1,644,763,250
	10,806,252,739	10,806,252,739

10. TRADE RECEIVABLES

	Group 2013 HK$'000	2012 HK$'000
Trade receivables	**4,221,547**	2,005,562
Impairment	**(19,533)**	(2,488)
	4,202,014	2,003,074

Consideration in respect of properties sold is payable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	Group 2013 HK$'000	2012 HK$'000
Within 1 month	**2,356,923**	1,857,637
1 to 3 months	**1,624,352**	59,702
4 to 6 months	**7,907**	35,963
Over 6 months	**212,832**	49,772
	4,202,014	2,003,074

The Group has pledged trade receivables of approximately HK$40,894,000 (2012: Nil) to secure a bank loan granted to the Group.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group 2013 HK$'000	2012 HK$'000
Prepayments	**1,759,235**	425,114
Deposits	**1,273,157**	1,112,589
Other receivables	**290,223**	43,405
Due from non-controlling shareholders	**1,664,531**	521,709
Entrustment loans to third parties	**236,828**	247,129
Prepaid land lease payments	**62,499**	51,006
	5,286,473	2,400,952

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of HK$747,877,000, HK$508,760,000, HK$127,190,000 and HK$77,129,000 which are interest-bearing at 3.08%, 3.5%, 3%, and 6.6% respectively, per annum (2012: an amount of HK$308,325,000 which was interest-bearing at 3.5% per annum).

The entrustment loans to third parties are unsecured, interest-bearing at 6% per annum (2012: 6% per annum) and repayable within one year.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 1 year or on demand	**4,861,045**	2,182,354
1 to 2 years	**45,781**	338,889
2 to 3 years	**393,327**	–
Over 3 years	**4,017**	4,469
	5,304,170	2,525,712

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

13. OTHER PAYABLES AND ACCRUALS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Other payables	**2,237,489**	1,647,993
Receipts in advance	**16,749,083**	8,235,344
Accruals	**79,115**	72,624
Due to non-controlling shareholders	**1,860,748**	1,823,865
Dividend payable to non-controlling shareholders	**22,087**	162,632
	20,948,522	11,942,458

Other payables are non-interest-bearing with an average term of not more than one year.

The amounts due to non-controlling shareholders are unsecured, interest-free and are repayable on demand. The amounts due to non-controlling shareholders at 31 December 2012 were unsecured, interest-free and were repayable within one year, except for the amount of HK$1,088,320,000 which was interest-bearing at 6% per annum and was repayable on demand.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	**2013** Effective interest rate (%)	Maturity	HK$'000	2012 Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans, secured	**–**	**–**	**–**	4.20	2013	204,697
Bank loans, unsecured	**2.65-6.31**	**2014**	**3,117,150**	3.72-5.85	2013	3,272,962
Other loans, unsecured*	**5.04**	**2014**	**254,380**	5.04	2013	246,660
Current portion of long term bank loans, secured	**5.76-7.05**	**2014**	**2,737,129**	5.54-7.05	2013	2,698,250
Current portion of long term bank loans, unsecured	**6.40**	**2014**	**30,525**	1.78-6.15	2013	2,529,607
			6,139,184			8,952,176
Non-current						
Bank loans, secured	**5.54-7.05**	**2015-2025**	**12,986,739**	5.54-7.05	2014-2021	11,616,950
Bank loans, unsecured	**3.57-6.40**	**2015-2017**	**4,936,383**	–	–	–
Other loans, unsecured*	**6.40**	**2015-2018**	**165,347**	–	–	–
Notes, unsecured	**4.83-6.85**	**2017-2022**	**11,578,482**	4.83-6.85	2017-2021	7,706,296
			29,666,951			19,323,246
			35,806,135			28,275,422

* The balances represent amounts due to a fellow subsidiary of the Company.

	Group **2013** *HK$'000*	2012 *HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year	**5,884,804**	8,705,516
In the second year	**1,776,004**	2,253,856
In the third to fifth years, inclusive	**11,798,493**	5,094,643
Beyond five years	**4,348,625**	4,268,451
	23,807,926	20,322,466
Other borrowings repayable:		
Within one year	**254,380**	246,660
In the second year	**–**	–
In the third to fifth years, inclusive	**6,342,415**	3,854,157
Beyond five years	**5,401,414**	3,852,139
	11,998,209	7,952,956
	35,806,135	28,275,422

Notes:

(a) The Group's loan facilities amounting to HK$50,226,264,000 (2012: HK$36,734,325,000), of which HK$27,135,231,000 (2012: HK$19,644,151,000) had been utilised as at the end of the reporting period, are secured by the Group's hotel properties, buildings, properties under development, properties held for sale, investment properties, and prepaid land lease payments.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's hotel properties and buildings which had an aggregate net carrying value at the end of the reporting period of approximately HK$5,003,629,000 (2012: HK$3,583,791,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately HK$12,065,182,000 (2012: HK$4,928,638,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of HK$275,662,000 (2012: HK$1,427,161,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately HK$14,770,708,000 (2012: HK$10,406,408,000);

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying amount at the end of the reporting period of HK$345,385,000 (2012: HK$108,161,000);

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at the end of the reporting period of HK$40,894,000 (2012: Nil); and

(vii) the pledge of certain of the Group's time deposits of HK$220,761,000 as at 31 December 2012.

(c) Except for the bank and other borrowings amounting to approximately HK$17,247,850,000 (2012: HK$10,156,313,000) which are denominated in United States dollars and HK$400,000,000 (2012: HK$400,000,000) which are denominated in Hong Kong dollars, all bank and other borrowings are denominated in RMB.

15. BUSINESS COMBINATION

On 4 February 2013, the Group acquired a 51% interest in Leading Holdings Limited from Bateson Investment Limited. Leading Holdings Limited and its subsidiaries (the "Leading Group") are engaged in the development, construction and operation of a real estate project in Nanjing, the PRC. The purchase consideration for the acquisition was in the form of cash, with RMB181,000,000 paid at the acquisition date and the remaining RMB635,000,000 to be paid upon the fulfillment of certain conditions as agreed between the Group and Bateson Investment Limited.

The Group has elected to measure the non-controlling interest in the Leading Group at the non-controlling interest's proportionate share of the Leading Group's identifiable net assets.

The fair values of the identifiable assets and liabilities of the Leading Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	2,219,608
Investment properties	2,789,903
Prepaid land lease payments	235,249
Intangible assets	4,561
Properties held for sale	482,794
Inventories	1,723
Trade receivables	15,617
Prepayments, deposits and other receivables	343,867
Prepaid tax	35,162
Restricted bank balances	573,549
Cash and cash equivalents	45,827
Trade payables	(204,864)
Other payables and accruals	(1,002,711)
Interest-bearing bank and other borrowings	(2,292,604)
Provision for land appreciation tax	(35,216)
Tax payable	(212)
Deferred tax liabilities	(793,761)
Total identifiable net assets at fair value	2,418,492
Non-controlling interests	(1,267,412)
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(142,912)
	1,008,168
Satisfied by:	
Cash	223,626
Other payables	784,542
	1,008,168

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$15,617,000 and HK$46,948,000, respectively, which are equal to their gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of HK$1,479,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group recognised a gain on bargain purchase of approximately HK$142,912,000 in the consolidated statement of profit or loss for the year ended 31 December 2013, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with Bateson Investment Limited, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and sufficient available funds for the ongoing development of the project.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(223,626)
Cash and cash equivalents acquired	45,827
Net outflow of cash and cash equivalents included in cash flows from investing activities	(177,799)
Transaction costs of the acquisition included in cash flows from operating activities	(1,479)
	(179,278)

Since the acquisition, the Leading Group contributed HK$404,030,000 to the Group's turnover and HK$40,987,000 to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been HK$20,847,857,000 and HK$5,056,966,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Market Review

In 2013, as the macro economy and the real estate industry of China gradually stabilised, the Company benefited from the favourable environment of speedy expansion of the market size of the real estate industry. Capitalising on the "high-end with quality" and "two-wheel driven" strategies, the Company took a proactive approach and strived for excellence. It not only continued to enhance the quality of its products, but also achieved another set of record breaking operating results, which gradually increased the value and core competitiveness of the Company.

Looking back to 2013, the Group's three major business segments all forged ahead with remarkable results performance. As to property development, the scale of development increased quickly. During the Year, a number of projects commenced sales and were all sold out on the date of launch. It had an average absorption rate of 90% and contracted sales of approximately RMB21 billion, representing an increase of approximately 33% as compared with the same period of last year. As to property leasing, the Group firmly grasped the market opportunities arising from the booming demand for high-end office buildings in Beijing and Shanghai. Occupancy rate remained high and rental level continued to rise. In particular, two office buildings in Beijing had full occupancy for consecutive months and rental level continued to rise. Occupancy rate of the offices in Jin Mao Tower remained high with its rental level substantially higher than that of the same period of last year. For hotel operations, the Group aggressively coped with the effects of policies, flexibly adjusted the pricing strategies, expanded the sales channels and implemented strict cost control, the effects of which were eminent. As the two hotels in Sanya continued to consolidate its leading edge, Westin Beijing, Chaoyang was ranked first within the region among its competitive hotel peers, and Westin Nanjing and JW Marriott Shenzhen recorded steady growth in operating results.

In striving for the best results for the period, the Group also attached much importance to the management of projects under construction and availability of strategic resources with a view to establishing a solid foundation for performance growth in the future. In 2013, all of the Group's projects under construction were well under way. All key project nodes were completed on schedule or in advance. At the same time, the Group successfully acquired Beijing Yizhuang Jin Mao Yue Project in January, Ningbo Nantang Jin Mao Palace Project and Guangzhou Nansha Project in September, Phase II of Changsha Meixi Lake Primary Development Project in October and Chongqing Panlong Project in December, respectively. The newly acquired projects had a total gross floor area of approximately 14.81 million square metres, providing the Company with important strategic resources for its sustainable development.

In 2013, Franshion Properties' green strategies made remarkable achievements and were widely recognised by the market. A number of projects have been granted the green building certification. In particular, the Shanghai Port International Cruise Terminal Project, Shanghai International Shipping Service Center Project and the Shanghai No.55 Haimen Road Project invested and constructed by Franshion Properties as the green building model construction projects in Shanghai North Bund and Shanghai City were successfully accredited as the "National Green Building Model Sites" (國家綠色建築示範推廣基地) in Eastern China. In Changsha, Franshion Properties joined hands with experts of sustainable architecture from China and the UK to develop the Meixi Lake Green Centre Low Carbon Building into the first project in Asia that is granted with the BREEAM standard – outstanding category. We received a number of accolades and awards for our green efforts, of which, we were granted three awards at the Jing Rui Science and Technology

Award. We also actively participated in the study of national issues on green strategies and the formulation of national standards; participated in one session under the "Key Technology R&D Programme of the Ministry of Science and Technology under the Eleventh Five-Year Plan"; participated in five sessions under the "Key Technology R&D Programme of the Ministry of Science and Technology under the Twelfth Five-Year Plan"; participated in the formulation of three standards under the "National Standards"; and obtained two national patents. Meanwhile, in performing its social responsibilities, Franshion Properties worked with the student committee of China Green Campus to publish the teaching materials "Green Campus and the Future" (《綠色校園與未來》) and became the first batch of corporate core members of International Green Campus Alliance. Franshion Properties endeavours to become the industry landmark model and the paradigm application enterprise in green development.

In 2013, its remarkable performance was recognised and affirmed by its peers, the capital market and the media, received a number of awards in various areas and was increasingly accredited in the industry. In May, it was granted the "Top 10 China Real Estate Developers Listed in Hong Kong in terms of Combined Strengths". In June, Franshion Properties again was granted the best investor relations award in Asia for 2013 (2013年亞洲區最佳投資者關係獎項) by Institutional Investor. In July, it was granted the title of "Top Ten Leading Enterprises in the Chinese Commercial Real Estate Industry" (中國商務地產十大領軍企業). In August, it was accredited as the "Most Influential Property Developer" (最具影響力地產企業). Jin Mao brand was granted the "Most Influential Real Estate Brand" (最具影響力地產品牌) award. The basis of these accolades and awards is the perseverance of Franshion Properties towards responsibility, green efforts and high quality, which are the constant virtues that Franshion Properties strives for.

Property Leasing Segment

The Group endeavours to hold high-end commercial properties at the prime locations in cities and has holdings in high-end properties with a total gross floor area of approximately 530,000 square metres in Beijing, Shanghai and Nanjing. Beijing Chemsunny World Trade Centre and Jin Mao Tower held by the Group are landmarks at the prime CBDs in China. Jin Mao Tower was once the highest skyscraper in China. It is a perfect combination of the world's modern architectural design and the traditional Chinese architectural style (pagoda), and enjoys a high reputation nationwide and even worldwide. Beijing Chemsunny World Trade Centre distinguishes itself from other high-end office buildings in Beijing by its unique overall design style as well as its high-end ancillary facilities. In February 2013, the Group successfully acquired Nanjing International Center Project and obtained high-end properties with a gross floor area of approximately 140,000 square metres, whereas the portion held in Changsha Meixi Lake International R&D Centre of approximately 15,000 square metres commenced commercial operation during the reporting period.

The Group's strategy is to retain the properties with the highest investment value in the commercial property development project for rental income so as to ensure that stable cash inflows will be generated to the Group in the future to resist risks. As our office buildings are situated at favourable geographical locations and are of superior quality, the Group can achieve satisfactory operating performance and receive value-added gains from the appreciation of investment properties. The Group will also actively adjust the proportion of properties for holding and properties for sales with a view to achieving balanced operations and sustainable growth in performance.

In 2013, the occupancy rate and rental level of the properties held by the Group remained relatively high. In 2013, the market demand for offices in China continued to rise. The Group firmly made use of the favourable macro conditions, raised rental level, maintained the occupancy rate at a high level and further optimised its tenant structure, resulting in the increase in overall quality of leased properties.

As the Group's leased properties under construction commence commercial operation, the property leasing segment of the Group will grow substantially, generating long-term and stable revenue to the Group and becoming a key driver of profit contributions to the Group.

During the Year, the overall sales revenue from property leasing segment amounted to HK$1,248.8 million, which increased substantially over that of last year. The rental income for the Year was mainly derived from Beijing Chemsunny World Trade Centre and Jin Mao Tower.

Sales revenue from property leasing segment for the past three years (HK$ million)

2011	**2012**	**2013**
988.5	1,106.4	**1,248.8**

Percentage of sales revenue attributable to leasing of each office building for 2013

Chemsunny World Trade Centre	**Sinochem Tower**	**Jin Mao Tower**	**Nanjing International Center**	**Changsha Meixi Lake International R&D Centre**
50%	9%	38%	2%	1%

Percentage of commercial leasing revenue for 2013

Shanghai J-Life	**Nanjing International Center Shopping Mall**	**Sanya J-Life**
67%	23%	10%

Average daily rental rate of office buildings (RMB)

	Chemsunny World Trade Centre	**Sinochem Tower**	**Jin Mao Tower**	**Nanjing International Center**	**Changsha Meixi Lake International R&D Centre**
2013	**11.81**	**7.01**	**8.68**	**4.17**	**2.98**
2012	11.34	5.97	8.05	4.18	N/A

Occupancy rate of office buildings (%)

	Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower	Nanjing International Center	Changsha Meixi Lake International R&D Centre
2013	**99.3%**	**100%**	**98.7%**	**97.9%**	**100%**
2012	100%	99.1%	97.0%	100%	N/A

Hotel Operations Segment

As the leading luxury hotel investor nationwide, the Group steadily expands the size and capability of the hotel operations segment according to the market conditions and its own needs with a view to providing long-term stable revenue to the Group. Through a series of high-end hotel project development and successful operation, the Group has equipped itself with the comprehensive and matured ability to design, develop and invest in high-end hotels, and has established sound working relationship with internationally renowned hotel conglomerates such as Marriott, Grand Hyatt, Hilton and Starwood. Under the Group's principle of developing exclusive and high-end hotels, its hotel operations are identified with high-quality services and are popular among, and well recognised by, high-income consumers. In addition to generating profit, this enhances the Group's brand and overall reputation, and promotes the image and popularity of the other business segments of the Group, thereby generating higher profitability.

As at 31 December 2013, the Group owned seven hotels in China, which are located in Beijing, Shanghai, Sanya, Shenzhen and Nanjing respectively. With a total gross floor area of approximately 440,000 square metres, these hotels offer over 3,000 guest rooms. These hotels are all located at the prime locations in first-tier cities or 5A resort regions, manifesting the superior capabilities of the Group in the area of hotel investment in China. In 2013, as a result of the effects of policies and market supply, the hotel market in China faced slowing demand as well as intensifying competition within the region. The Group's hotels, by proactively coping with the unfavourable market environment and taking flexible sales strategies, were able to maintain their leading position amongst its competitors in the region. During the year, in face of the drastic decrease in the demand for hotel in Hainan, Hilton Sanya Resort & Spa and The Ritz-Carlton, Sanya continued to maintain their leading position in Yalong Bay through actively adjusting the sales strategies and pricing strategies. Westin Beijing, Chaoyang actively coped with the adverse conditions and was able to maintain a top position amongst its competitors in the region. JW Marriott Shenzhen and Westin Nanjing's operating results showed steady growth as a result of the strategy to optimise customer structure. Jin Mao Beijing Wangfujing Renaissance Hotel was under revamp and the construction progressed well. It is expected that the hotel will re-open in the second half of 2014.

During the Year, the overall sales revenue from hotel operations segment amounted to HK$2,061.2 million. The revenue from hotel operations for the Year was mainly derived from Grand Hyatt Shanghai, The Ritz-Carlton, Sanya and Westin Beijing, Chaoyang.

Sales revenue from hotel operations segment for the past three years (HK$ million)

2011	2012	2013
2,133.8	2,010.2	**2,061.2**

Percentage of sales revenue attributable to each hotel for 2013

Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	Ritz-Carlton Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing
26%	15%	25%	18%	11%	5%

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2013

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	Ritz-Carlton Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing
Average room rate	1,640	1,666	2,773	1,365	1,039	862
Average occupancy rate	58.6%	65.8%	69.1%	71.7%	75.0%	67.0%
Average revenue per available room	961	1,096	1,916	979	779	577

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2012

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	Ritz-Carlton Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing
Average room rate	1,676	1,856	3,081	1,540	1,025	828
Average occupancy rate	60.0%	59.2%	62.1%	76.5%	71.5%	64.4%
Average revenue per available room	1,005	1,099	1,914	1,179	733	534

Property Development Segment

Franshion Properties specialises in developing urban landmarks featuring a high class artistic mood with the mission of unleashing future vitality of the city, pursuing harmonious development between man, architecture and nature. Taking a forward-looking vision and thought, innovative planning and design, as well as an honest attitude and quality product, we drive the progress of quality urbanisation. Our architecture signifies the urban dimension of modern metropolitan civilisation and a comprehensive enhancement of regional functions and urban vitality, thus fulfilling the dream of future habitual residence and the city as well as unleashing the vitality for sustainable development.

Since the completion of construction of Jin Mao Tower in 1998, we have been committed to developing architectural classics on the most precious land in China in the past 15 years. Our representative projects include Shanghai Fortune Plaza, Beijing Chemsunny World Trade Centre and Shanghai Port International Cruise Terminal Project. Projects under development currently, including Shanghai International Shipping Service Center Project, Suzhou Gusu Jin Mao Palace Project, Beijing Yizhuang Jin Mao Yue Project, Shanghai Dongtan Jin Mao Noble Manor Project, Lijiang Jin Mao Snow Mountain Whisper Project, Jin Mao Meixi Lake Project and Qingdao Jin Mao Bay Project etc. continue to reflect the Group's consistent strategy of developing high-end excellent properties. We will create an outstanding landscape and a brand new classical image for future city development.

After years of project development, the Group has formed an experienced development team and established sound cooperation relationships with local governments, enabling us to obtain quality land resources more easily. We have also developed a unique management model covering the selection, operation and management of property development projects and promoting the synergistic development with other economic entities of the same region.

As at 31 December 2013, the Group had property development projects in China in different development stages located in Beijing, Shanghai, Changsha, Qingdao, Lijiang, Chongqing and Suzhou. In 2013, the Group accelerated the development of high-end quality property projects and commenced sales for a number of high-end residential projects.

During the Year, the property development segment recognised aggregate sales revenue of HK$16,867.7 million, representing an increase of 25% over last year. As at 31 January 2014, the accumulated property contracted sales of the Group (not including sales amount for primary land development) yet to be delivered and settled was approximately HK$20.7 billion.

Sales revenue from property development segment for the past three years (HK$ million)

2011	**2012**	**2013**
2,995.5	13,445.4	**16,867.7**

FUTURE OUTLOOK

Looking into year 2014, while the macro economy of the PRC will continue to stabilise and flourish, despite that administrative policies will remain in the near term, we have confidence in the long-term development of the real estate market in the PRC, where the real estate industry will see rational growth trends benefiting from the establishment of a long-term coherent mechanism to stabilise growth. The Group will strive to be a leading high-end commercial real estate developer and operator in the PRC adhering to its leading quality core positioning through two-wheel driven operating strategy of both property sales and holdings, with a view to achieving speedy, healthy and sustainable growth. The Group believes that, leveraging on its abundant resources on land, capital, people and working partners, coupled with its core competitive strengths including leading organisational capability, sound operations, mature capital operations, sound risk management and innovation capability, we will achieve greater development progress in the course of macro control and industry consolidation.

FINANCIAL REVIEW

Review on Overall Results of the Company

For the year ended 31 December 2013, profit attributable to owners of the parent amounted to HK$4,227.2 million, representing an increase of 25% compared with HK$3,377.7 million in 2012. Excluding the effect of fair value gains on investment properties, net of deferred tax, the profit attributable to owners of the parent would be HK$2,910.3 million, representing an increase of 35% compared with HK$2,158.3 million in 2012.

Revenue

For the year ended 31 December 2013, the revenue of the Group was HK$20,718.9 million, representing an increase of 21% compared with HK$17,175.7 million in 2012.

Revenue by business segments

	For the year ended 31 December				
	2013		2012		
		Percentage of the total revenue		Percentage of the total revenue	Year-on-year change
	HK$ million	**(%)**	*HK$ million*	(%)	(%)
Property development	**16,867.7**	**81**	13,445.4	78	25
Property leasing	**1,248.8**	**6**	1,106.4	6	13
Hotel operations	**2,061.2**	**10**	2,010.2	12	3
Others	**541.2**	**3**	613.7	4	(12)
Total	**20,718.9**	**100**	17,175.7	100	21

In 2013, revenue from property development of the Group increased by 25% over that of 2012 to approximately HK$16,867.7 million and accounted for 81% of the total revenue, which was mainly attributable to Beijing Guangqu Jin Mao Palace Project, Shanghai International Shipping Service Center Project and Changsha Meixi Lake Project. Revenue from property leasing grew by 13% compared with that of last year and accounted for 6% of the total revenue, which was primarily due to the performance growth of a number of the Group's office buildings and the acquisition of Nanjing International Center Project. Revenue from hotel operations increased by 3% from 2012 and accounted for 10% of the total revenue, which was primarily attributable to the acquisition of Westin Nanjing due to the acquisition of Nanjing International Center Project. Others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management and building decoration) accounted for 3% of the total revenue, representing a decrease of 12% over that of last year, which was mainly because of the decrease in revenue from the building decoration business.

Cost of Sales and Gross Profit Margin

Cost of sales of the Group for the year ended 31 December 2013 was approximately HK$11,518.6 million (2012: HK$9,977.0 million) and the overall gross profit margin of the Group in 2013 was 44%, which increased slightly as compared with that of last year.

During the Year, the gross profit margin of property development increased compared with that of 2012; the gross profit margin of property leasing and the gross profit margin of hotel operations decreased slightly compared with those of 2012. Gross profit margin of other business sectors increased slightly from last year, mainly because of the increase in gross profit margin of the building decoration business.

Gross profit margin by business segments

	For the year ended 31 December	
	2013	2012
	Gross profit margin	Gross profit margin
	(%)	*(%)*
Overall	**44**	42
Property development	**41**	38
Property leasing	**88**	90
Hotel operations	**51**	53
Others	**17**	14

Other Income and Gains

Other income and gains of the Group for the year ended 31 December 2013 increased by 22% from HK$1,931.3 million in the same period of 2012 to approximately HK$2,355.3 million. The increase was mainly due to the gain on bargain purchase of HK$142.9 million arising from the acquisition of Nanjing International Center Project by the Group and the increase in the fair value gain of investment properties arising from the investment properties held by the Group. The fair value gain on investment properties arising from the investment properties held by the Group amounted to HK$1,831.3 million, representing an increase of 13% as compared with HK$1,625.9 million in 2012.

Selling and Marketing Expenses

Selling and marketing expenses of the Group for the year ended 31 December 2013 increased by 42% to HK$623.8 million from HK$439.1 million in the same period in 2012, mainly because of the increase in selling and marketing expenses of Beijing Wangjing Jin Mao Palace Project and Beijing Asian Olympics Jin Mao Yue Project, Lijiang Jin Mao Snow Mountain Whisper Project, Suzhou Gusu Jin Mao Palace Project, Beijing Yizhuang Jin Mao Yue Project and Jin Mao Meixi Lake Project that commenced sales in 2013. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 3% (2012: 3%) of the Group's total revenue.

Administrative Expenses

Administrative expenses of the Group for the year ended 31 December 2013 amounted to HK$1,161.6 million, representing an increase of 20% from HK$968.1 million in the same period in 2012. The increase was mainly attributable to the business expansion and the increase in general office expenses of the Group. Administrative expenses mainly comprise staff costs, consultancy fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 6% (2012: 6%) of the Group's total revenue.

Finance Cost

Finance cost of the Group for the year ended 31 December 2013 was HK$1,324.6 million, representing an increase of 34% from HK$986.0 million in 2012. The increase in finance cost was mainly attributable to the new issue of bonds and increase in loans during the Year.

Tax

The Group had a tax charge of HK$3,393.3 million for the year ended 31 December 2013, representing an increase of 22% from HK$2,783.0 million in 2012. The increase in tax charge was primarily attributable to the increase in income tax due to higher profit before tax and the increase in land appreciation tax due to higher property sales revenue during the Year. The Group's effective income tax rate for 2013 was 40% (2012: 41%), which was substantially the same as that of last year.

Profit Attributable to Owners of the Parent

For the year ended 31 December 2013, profit attributable to owners of the parent amounted to HK$4,227.2 million, representing an increase of 25% compared with HK$3,377.7 million in 2012. Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax, amounted to HK$2,910.3 million, an increase of 35% compared with HK$2,158.3 million in 2012.

Basic earnings per share for the Year were HK46.14 cents, an increase of 25% compared with HK36.87 cents in 2012. The increase in basic earnings per share was primarily attributable to the substantial increase in the profit attributable to owners of the parent for the Year. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, was HK31.77 cents (2012: HK23.56 cents).

In October 2010, the Group issued perpetual convertible securities in the amount of US$600 million, resulting in a dilution of earnings per share. Upon dilution, earnings per share of the Company amounted to HK39.12 cents (2012: HK31.26 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December		Year-on-year
	2013	2012	change
	(HK$ million)	*(HK$ million)*	*(%)*
Profit attributable to owners of the parent	**4,227.2**	3,377.7	25
Less: fair value gains on investment properties, net of deferred tax	**(1,316.9)**	(1,219.4)	8
Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax	**2,910.3**	2,158.3	35
Basic earnings per share (in HK cents)	**46.14**	36.87	25
Basic earnings per share excluding fair value gains on investment properties, net of deferred tax (in HK cents)	**31.77**	23.56	35

Investment Properties

As at 31 December 2013, investment properties of the Group comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices of Jin Mao Tower (for lease), Sinochem Tower, office building and shopping mall of Nanjing International Center, Changsha Jin Mao Meixi Lake International R&D Centre and the clubhouse of Zhuhai Every Garden Project. Investment properties increased from HK$16,574.7 million as at 31 December 2012 to HK$22,018.5 million as at 31 December 2013. The increase was mainly due to the acquisition of Nanjing International Center Project, transfer of properties held for sale to investment properties and the appreciation of investment properties.

Properties under Development

As at 31 December 2013, the current portion of properties under development comprised property development costs incurred by properties under development pre-sold or intended for sale and expected to be completed within one year from the end of the reporting period, mainly including Beijing Guangqu Jin Mao Palace Project, Beijing Asian Olympics Jin Mao Yue Project and Beijing Wangjing Jin Mao Palace Project, Shanghai International Shipping Service Center, Qingdao Jin Mao Bay Project, Chongqing Jin Mao Long Yue Project, Changsha Meixi Lake Jin Mao Yue Project, Changsha Jin Mao Meixi Lake Project, Lijiang Jin Mao Snow Mountain Whisper Project, Suzhou Gusu Jin Mao Palace Project and Shanghai Dongtan Jin Mao Noble Manor Project, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development not yet pre-sold and expected to be completed after one year from the end of the reporting period.

The increase in properties under development (current and non-current) from HK$23,431.3 million as at 31 December 2012 to HK$44,031.9 million as at 31 December 2013 was mainly attributable to the acquisition of Beijing Yizhuang Jin Mao Yue Project, Shanghai Haimen Road Project, Ningbo Nantang Jin Mao Palace Project and Guangzhou Nansha Project and the costs newly incurred for other properties under development, which were partially offset by the transfer as a result of the sale of the units in Beijing Guangqu Jin Mao Palace Project, Shanghai International Shipping Service Center Project, Shanghai Dongtan Jin Mao Noble Manor Project and Changsha Jin Mao Meixi Lake Project.

Properties Held for Sale

As at 31 December 2013, properties held for sale included the unsold portion of Beijing Guangqu Jin Mao Palace Project, the unsold portion of parking spaces of Beijing Chemsunny World Trade Centre, the unsold portion of Shanghai Dongtan Jin Mao Noble Manor Project, the unsold portion of Nanjing International Center Project, the completed but unsold portion of Shanghai International Shipping Service Center Project, the completed but unsold portion of Changsha Jin Mao Meixi Lake Project and the completed but unsold portion of Qingdao Jin Mao Bay Project.

The increase in properties held for sale from HK$3,078.1 million as at 31 December 2012 to HK$5,915.5 million as at 31 December 2013 was mainly attributable to the fact that some of the buildings in Qingdao Jin Mao Bay Project and Changsha Jin Mao Meixi Lake Project were completed but unsold during 2013 and the acquisition of Nanjing International Center.

Land under Development

As at 31 December 2013, land under development (current and non-current) included the land costs of development projects including Changsha Meixi Lake Project (Phases I and II), Changsha Meixi Lake Land Block A Primary Development Project and Sanya Yazhou Primary Land Development Project.

Trade Receivables

Trade receivables increased from HK$2,003.1 million as at 31 December 2012 to HK$4,202.0 million as at 31 December 2013, which was primarily attributable to the increase in receivables due to higher sales revenue from the property development segment during the Year.

Trade Payables

As at 31 December 2013, trade payables were HK$5,304.2 million, representing an increase of 110% compared with HK$2,525.7 million as at 31 December 2012, which was mainly due to the increase in land premium payable and progress payment as a result of the Group's business expansion.

Interest-Bearing Bank and Other Borrowings

As at 31 December 2013, interest-bearing bank and other borrowings (including current and non-current) were HK$35,806.1 million, representing an increase of 27% over HK$28,275.4 million as at 31 December 2012. The increase in interest-bearing bank and other borrowings was primarily due to the increase in external loans used for new project development and issuance of senior notes.

Analysis of interest-bearing bank and other borrowings

	As at 31 December		Year-on-year
	2013	2012	change
	(HK$ million)	*(HK$ million)*	*(%)*
Interest-bearing bank and other borrowings (including current and non-current)	**35,806.1**	28,275.4	27
Less: Pledged deposits	**–**	(220.8)	(100)
Interest-bearing bank and other borrowings, net of pledged deposits	**35,806.1**	28,054.6	28

Gearing Ratio

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances, pledged deposits and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2013 and 31 December 2012 were as follows:

	As at 31 December	
	2013	2012
	(HK$ million)	*(HK$ million)*
Interest-bearing bank and other borrowings (including current and non-current)	**35,806.1**	28,275.4
Less: cash and cash equivalents	**(14,490.0)**	(12,888.4)
restricted bank balances and pledged deposits	**(303.4)**	(576.0)
other financial assets - financial products	**(22.5)**	(123.3)
Net debt	**20,990.2**	14,687.7
Total equity	**47,219.5**	34,502.8
Add: amounts due to related parties	**3,443.6**	99.6
Adjusted capital	**50,663.1**	34,602.4
Net debt-to-adjusted capital ratio	**41%**	42%

Liquidity and Capital Resources

The Group's primary uses of cash are to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees paid to architects and designers and finance costs, as well as to service the Group's indebtedness, repay amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed its liquidity requirements primarily through internal resources, bank and other borrowings, issue of perpetual convertible securities, issue of senior notes and issue of new shares.

As at 31 December 2013, the Group had cash and cash equivalents of HK$14,490.0 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2012: HK$12,888.4 million).

As at 31 December 2013, the Group had total interest-bearing bank and other borrowings of HK$35,806.1 million compared to HK$28,275.4 million as at 31 December 2012. An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2013	2012
	(HK$ million)	*(HK$ million)*
By term:		
Within 1 year	**6,139.2**	8,952.2
In the second year	**1,776.0**	2,253.9
In the third to fifth years, inclusive	**18,140.9**	8,948.8
Over five years	**9,750.0**	8,120.5
Total	**35,806.1**	28,275.4

Interest-bearing bank and other borrowings of approximately HK$6,139.2 million were repayable within one year shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar, and US dollar. As at 31 December 2013, save as interest-bearing bank loans and other borrowings of approximately HK$11,783.3 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2013, the Group had banking facilities of HK$50,226.3 million denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was HK$27,135.2 million.

Pledge of Assets

As at 31 December 2013, the Group's interest-bearing bank and other borrowings were secured by the Group's hotel properties and buildings of HK$5,003.6 million, properties under development of HK$12,065.2 million, properties held for sale of HK$275.7 million, land use rights of HK$345.4 million, investment properties of HK$14,770.7 million and trade receivables of HK$40.9 million.

Contingent Liabilities

As at 31 December 2013, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$5,158.0 million (2012: HK$1,638.4 million).

Market Risk

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

Interest Rate Risk

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

Foreign Exchange Exposure Risk

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in HK dollars. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its currency risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

OTHER INFORMATION

Corporate Governance Code

Since its establishment, the Company has committed to enhancing its corporate governance levels. The Company has adopted its own code on corporate governance practice which sets out all code provisions, except for described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company will continue to improve its corporate governance practices focusing on maintenance and enhancement of a quality board, sound internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintain its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Code provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director may be elected by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practices of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Directors who fill casual vacancy will not affect adversely the normal operations of the Company.

In 2013, the Company complied with all provisions of its own code on corporate governance.

Final Dividend

The Board recommended the payment of a final dividend of HK9.5 cents per ordinary share for the year ended 31 December 2013. The proposed final dividend shall be subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend was paid for the period ended 30 June 2013. The recommended final dividend has been accounted for in the financial statements as an allocation of retained profits within the equity section of the statement of financial position. The Company will give a notice on closure of its register of members in relation to the entitlement to the final dividend and the right to attend and vote at the annual general meeting upon determination of the date of the annual general meeting.

Purchase, Sale or Redemption of Listed Securities of the Company

During the reporting period, save as disclosed below, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Issuance of Guaranteed Notes

As stated in the announcement of the Company dated 21 August 2013 regarding the issuance of US$200 million 6.4% guaranteed notes due 2022, the Company and the issuer (a wholly-owned subsidiary of the Company) entered into a purchase agreement in relation to the notes issue on 21 August 2013 with the manager, Goldman Sachs (Asia) L.L.C. The net proceeds of the issuance of the guaranteed notes by the Company, after deduction of underwriting commissions and other estimated expenses, amounted to approximately US$199 million, which were intended to be used for refinancing of outstanding indebtedness, working capital and other general corporate purposes. During the reporting period, the Company did not redeem or cancel any such guaranteed notes.

As stated in the announcements of the Company dated 9 and 10 October 2013 regarding the issuance of US$300 million 5.375% guaranteed notes due 2018, the Company and the issuer (a wholly-owned subsidiary of the Company) entered into a purchase agreement in relation to the notes issue on 9 October 2013 with the joint lead managers comprising The Royal Bank of Scotland plc, Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Goldman Sachs (Asia) L.L.C. The net proceeds of the issuance of the guaranteed notes by the Company, after deduction of underwriting commissions and other estimated expenses, amounted to approximately US$299 million, which were intended to be used for refinancing of outstanding indebtedness, working capital and other general corporate purposes. The guaranteed notes have been listed on the Stock Exchange with effect from 18 October 2013. During the reporting period, the Company did not redeem or cancel any such guaranteed notes.

SCOPE OF WORK OF ERNST & YOUNG

The figures set out in the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for the year ended 31 December 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE WEBSITE OF THE COMPANY

This annual results announcement has been posted on the website of the Stock Exchange and the website of the Company (www.franshion.com), and the annual report of the Company for the year ended 31 December 2013 will be posted on the websites of the Company and the Stock Exchange on or before 30 April 2014.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all our customers, business partners, shareholders and various local governments for their long-term support and trust, and to all the employees for their assiduous efforts.

On Behalf of the Board
Franshion Properties (China) Limited
HE Cao
Chairman

Hong Kong, 26 February 2014

As at the date of this announcement, the Directors of the Company are Mr. HE Cao (Chairman), Mr. LI Congrui and Mr. HE Binwu as Executive Directors; Ms. LI Xuehua (Vice Chairman), Mr. YANG Lin and Ms. SHI Dai as Non-executive Directors; Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. LIU Hongyu as Independent Non-executive Directors.