TOP SPRING INTERNATIONAL HOLDINGS LIMITED
萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

- For the year ended 31 December 2013, the Group achieved contracted sales of approximately HK$10.1 billion, approximately 26.5% higher than the 2013 sales target of HK$8.0 billion, with contracted saleable GFA of approximately 425,089 sq.m. and ASP of contracted sales of approximately HK$23,810.5 per sq.m., representing an increase of approximately 61.2%, 15.3% and 39.9%, respectively, as compared with 2012. For the period from 1 January 2014 to 18 March 2014, the Group achieved contracted sales of approximately RMB959.7 million (equivalent to approximately HK$1,227.4 million) with contracted saleable GFA of approximately 48,343 sq.m. The Group has targeted its total contracted sales in 2014 to be HK$13.0 billion as compared to its saleable resources with value estimated at approximately HK$19.5 billion.

- In 2013, the Group acquired additional land bank or new projects in Shanghai, Shenzhen, Nanjing and Hangzhou with the total estimated saleable/leasable GFA of approximately 726,211 sq.m. at a total consideration or estimated maximum cash compensation of approximately RMB6,487.8 million (equivalent to approximately HK$8,181.3 million).

- As at 31 December 2013, the Group had a total of 20 projects over 10 cities in various stages of development with a total net saleable/leasable GFA of approximately 5,253,877 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both redevelopment projects), the remaining land bank of the Group with approximately 3,606,829 sq.m. has an average land cost of approximately RMB2,786.3 per sq.m. (equivalent to approximately HK$3,563.5 per sq.m.).

- Turnover for the year ended 31 December 2013 decreased by approximately 5.3%, to approximately HK$5,746.5 million from approximately HK$6,065.0 million for the year ended 31 December 2012.

- For the year ended 31 December 2013, the Group generated recurring rental income of approximately HK$197.6 million (2012: approximately HK$129.2 million) from its investment properties which comprised mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units. As at 31 December 2013, the investment property portfolio had a total leasable GFA of approximately 466,305 sq.m. and a fair value of approximately HK$9,295.3 million, representing approximately 24.0% of the Group's total assets value.

- Gross profit margin decreased to approximately 40.0% for the year ended 31 December 2013 from approximately 52.4% for the year ended 31 December 2012.

- For the year ended 31 December 2013, profit attributable to equity shareholders of the Company was approximately HK$1,284.5 million, representing an increase of approximately 7.1% as compared with 2012.

- Basic earnings per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2013 was approximately HK$0.91, representing an increase of approximately 5.8% as compared with 2012.

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 31 December 2013 was approximately HK$4.0 (as at 31 December 2012 (adjusted): approximately HK$3.2).

- For the year ended 31 December 2013, the return on average total equity was approximately 25.1% (for the year ended 31 December 2012: approximately 29.3%).

- As at 31 December 2013, the net gearing ratio of the Group was approximately 100.6% (as at 31 December 2012: approximately 67.5%).

- The Board has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2013 (for the year ended 31 December 2012: HK15 cents per Share). Together with the interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs, total dividend declared for 2013 amounts to HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs. The dividend payout ratio for the year ended 31 December 2013 was approximately 24.1% (for the year ended 31 December 2012: approximately 25.0%).

CONSOLIDATED ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Top Spring International Holdings Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Turnover	*2&3*	**5,746,528**	6,064,954
Direct costs		**(3,446,121)**	(2,889,555)
Gross profit		**2,300,407**	3,175,399
Valuation gains on investment properties		**1,117,664**	683,567
Other revenue	*4*	**124,468**	131,672
Other net income/(loss)	*5*	**405,650**	(28,365)
Selling and marketing expenses		**(254,968)**	(181,492)
Administrative expenses		**(533,644)**	(510,983)
Profit from operations		**3,159,577**	3,269,798
Finance costs	*6(a)*	**(671,779)**	(670,915)
Share of profits less losses of associates		**–**	4,826
Share of losses of joint ventures		**(5,017)**	–
Profit before taxation	*6*	**2,482,781**	2,603,709
Income tax	*7*	**(1,120,941)**	(1,415,745)
Profit for the year		**1,361,840**	1,187,964
Attributable to:			
Equity shareholders of the Company		**1,284,458**	1,199,841
Non-controlling interests		**77,382**	(11,877)
Profit for the year		**1,361,840**	1,187,964
Earnings per share (HK$) *(Note)*	*8*		
Basic		**0.91**	0.86
Diluted		**0.90**	0.85

Note: Basic and diluted earnings per share for the year ended 31 December 2012 have been restated for the impact of the bonus issue of shares of the Company (the "Shares") (with bonus perpetual subordinated convertible securities of the Company ("PCSs") as an alternative).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**1,361,840**	1,187,964
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**165,832**	56,473
Share of other comprehensive income of associates and joint ventures	**4,572**	1,646
	170,404	58,119
Total comprehensive income for the year	**1,532,244**	1,246,083
Attributable to:		
Equity shareholders of the Company	**1,446,596**	1,254,082
Non-controlling interests	**85,648**	(7,999)
Total comprehensive income for the year	**1,532,244**	1,246,083

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2013

	Note	**2013**		2012	
		HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
– Investment properties			**9,295,306**		4,230,817
– Other property, plant and equipment			**474,355**		450,588
– Interests in leasehold land held for own use under operating leases			**4,701**		28,833
			9,774,362		4,710,238
Interest in joint ventures			**166,238**		160,378
Other financial assets			**33,469**		32,545
Restricted and pledged deposits			**1,407,161**		124,363
Deferred tax assets			**620,734**		853,492
			12,001,964		5,881,016
Current assets					
Inventories		**15,877,394**		11,628,155	
Other financial assets		**–**		9,949	
Trade and other receivables	*10*	**2,059,293**		1,520,168	
Tax recoverable		**43,929**		–	
Restricted and pledged deposits		**3,170,483**		989,365	
Cash and cash equivalents		**5,606,262**		4,901,251	
		26,757,361		19,048,888	
Current liabilities					
Trade and other payables	*11*	**10,026,262**		6,390,764	
Bank and other borrowings		**9,070,702**		3,293,358	
Derivative financial instruments		**–**		45,436	
Tax payable		**4,872,872**		4,512,217	
		23,969,836		14,241,775	
Net current assets			**2,787,525**		4,807,113
Total assets less current liabilities			**14,789,489**		10,688,129

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2013 (CONTINUED)

	Note	**2013**		2012	
		HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Non-current liabilities					
Bank and other borrowings		**5,989,594**		5,588,611	
Loans from joint ventures		**1,223,687**		–	
Deferred tax liabilities		**1,301,124**		520,214	
			8,514,405		6,108,825
NET ASSETS			**6,275,084**		4,579,304
CAPITAL AND RESERVES					
Share capital			**115,530**		100,187
Reserves			**5,530,466**		4,355,198
Total equity attributable to equity shareholders of the Company			**5,645,996**		4,455,385
Non-controlling interests			**629,088**		123,919
TOTAL EQUITY			**6,275,084**		4,579,304

NOTES:

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 March 2011.

The principal activity of the Company is investment holding and the principal activities of the Group are property development, property investment, hotel operations and provision of property management and related services in the People's Republic of China ("PRC").

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2013 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

– HKFRS 10, *Consolidated financial statements*

– HKFRS 11, *Joint arrangements*

– HKFRS 12, *Disclosure of interests in other entities*

– HKFRS 13, *Fair value measurement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in the financial statements has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities at 1 January 2013.

HKFRS 11, *Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the notes to the financial statements.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

2 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Property development: this segment develops and sells residential properties and shops within the shopping arcades.

– Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

– Hotel operations: this segment operates hotels to provide hotel services to general public.

– Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential properties and shopping arcades.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all tangible, non-current and current assets with the exception of interest in joint ventures, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation". To arrive at "adjusted EBITDA" the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, valuation changes on investment properties and additions to non-current segment assets used by the segments in their operations.

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

2012

	Property development *HK$'000*	Property investment *HK$'000*	Hotel operations *HK$'000*	Property management and related services *HK$'000*	Total *HK$'000*
Revenue from external customers	5,774,503	129,234	69,800	91,417	6,064,954
Inter-segment revenue	–	14,402	–	152,103	166,505
Reportable segment revenue	5,774,503	143,636	69,800	243,520	6,231,459
Reportable segment profit/ (loss) (adjusted EBITDA)	2,615,424	95,606	(2,120)	(21,866)	2,687,044
Interest income from bank deposits	80,093	1,232	–	1,146	82,471
Interest expense	(637,373)	(20,076)	–	(1,977)	(659,426)
Depreciation and amortisation for the year	(11,416)	(545)	(17,998)	(587)	(30,546)
Valuation gains on investment properties	–	683,567	–	–	683,567
Reportable segment assets	18,597,550	4,389,190	335,237	326,404	23,648,381
Additions to non-current segment assets during the year	29,345	568,448	1,005	10,632	609,430
Reportable segment liabilities	(14,766,076)	(331,950)	–	(84,017)	(15,182,043)

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

2013

	Property development HK$'000	Property investment HK$'000	Hotel operations HK$'000	Property management and related services HK$'000	Total HK$'000
Revenue from external customers	5,336,316	197,559	66,538	146,115	5,746,528
Inter-segment revenue	–	26,965	–	166,844	193,809
Reportable segment revenue	5,336,316	224,524	66,538	312,959	5,940,337
Reportable segment profit/ (loss) (adjusted EBITDA)	1,680,689	160,778	(3,171)	(88,274)	1,750,022
Interest income from bank deposits	87,001	1,332	–	2,782	91,115
Interest expense	(637,785)	(10,047)	–	(23,947)	(671,779)
Depreciation and amortisation for the year	(33,247)	(961)	(22,917)	(1,095)	(58,220)
Valuation gains on investment properties	–	1,117,664	–	–	1,117,664
Reportable segment assets	27,833,291	9,448,108	323,237	233,576	37,838,212
Additions to non-current segment assets during the year	46,753	3,783,673	6,325	7,280	3,844,031
Reportable segment liabilities	(24,505,402)	(1,490,224)	–	(186,490)	(26,182,116)

2 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**5,940,337**	6,231,459
Elimination of inter-segment revenue	**(193,809)**	(166,505)
Consolidated turnover *(note 3)*	**5,746,528**	6,064,954
Profit		
Reportable segment profit derived from Group's external customers	**1,750,022**	2,687,044
Share of profits less losses of associates	**–**	4,826
Share of losses of joint ventures	**(5,017)**	–
Other revenue and net income/(loss)	**530,118**	103,307
Depreciation and amortisation	**(58,693)**	(43,579)
Finance costs	**(671,779)**	(670,915)
Valuation gains on investment properties	**1,117,664**	683,567
Unallocated head office and corporate expenses	**(179,534)**	(160,541)
Consolidated profit before taxation	**2,482,781**	2,603,709
Assets		
Reportable segment assets	**37,838,212**	23,648,381
Interest in joint ventures	**166,238**	160,378
Other financial assets	**33,469**	42,494
Tax recoverable	**43,929**	–
Deferred tax assets	**620,734**	853,492
Unallocated head office and corporate assets	**56,743**	225,159
Consolidated total assets	**38,759,325**	24,929,904
Liabilities		
Reportable segment liabilities	**(26,182,116)**	(15,182,043)
Tax payable	**(4,872,872)**	(4,512,217)
Deferred tax liabilities	**(1,301,124)**	(520,214)
Derivative financial instruments	**–**	(45,436)
Unallocated head office and corporate liabilities	**(128,129)**	(90,690)
Consolidated total liabilities	**(32,484,241)**	(20,350,600)

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

3 TURNOVER

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Sale of properties	**5,336,316**	5,774,503
Rental income	**197,559**	129,234
Hotel operations	**66,538**	69,800
Property management and related services income	**146,115**	91,417
	5,746,528	6,064,954

4 OTHER REVENUE

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**92,592**	96,113
Other interest income	**336**	53
Rental income from operating leases, other than those relating to investment properties	**9,355**	6,032
Government grant	**15,132**	23,786
Others	**7,053**	5,688
	124,468	131,672

5 OTHER NET INCOME/(LOSS)

	2013	2012
	HK$'000	*HK$'000*
Net gain on disposal of a subsidiary *(Note)*	**186,640**	–
Gain on a bargain purchase from acquisition of a subsidiary	**91,242**	–
Fair value change on derivative financial instruments	**45,436**	(31,795)
Net gain on early repayment of a secured other borrowing	**44,530**	–
Net exchange gain	**37,990**	10,908
Net gain/(loss) on disposal of fixed assets	**432**	(370)
Goodwill written-off	**–**	(18,038)
Net gain on deemed disposal of associates	**–**	5,102
Net gain on sale of available-for-sale investments	**–**	8,632
Others	**(620)**	(2,804)
	405,650	(28,365)

Note: During the year ended 31 December 2013, the Group completed the disposal of all of the issued shares of and the shareholder's loan owned by Top Spring International (Taihu Bay) Development Limited ("Top Spring Taihu Bay"), which was a wholly-owned subsidiary of the Company, to an independent third party for a total consideration of HK$685,253,000. This resulted in a net gain on disposal of a subsidiary of HK$186,640,000.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2013 *HK$'000*	2012 *HK$'000*
(a) Finance costs		
Interest on bank and other borrowings wholly repayable:		
– within five years	**898,424**	640,659
– after five years	**104,665**	164,447
	1,003,089	805,106
Interest on loan from an associate	**–**	27,593
Interest on loans from joint ventures	**89,280**	–
Interest on amounts due to a non-controlling shareholder	**12,949**	18,358
Other borrowing costs	**58,955**	74,339
	1,164,273	925,396
Less: Amount capitalised *(note)*	**(492,494)**	(254,481)
	671,779	670,915

Note: The borrowing costs have been capitalised at rates ranging from 6.15% to 10.3553% (2012: 6.40% to 8.61%) per annum for the year ended 31 December 2013.

	2013 *HK$'000*	2012 *HK$'000*
(b) Staff costs		
Salaries, wages and other benefits	**226,831**	226,791
Contributions to defined contribution retirement plans	**19,074**	14,792
Equity settled share-based payment expenses	**69,475**	68,925
	315,380	310,508
(c) Other items		
Depreciation and amortisation	**61,444**	44,110
Less: Amount capitalised	**(2,751)**	(531)
	58,693	43,579
Cost of properties sold	**3,194,810**	2,717,919
Rental income from investment properties *(Note)*	**(197,559)**	(129,234)
Less: Direct outgoings	**12,125**	4,434
	(185,434)	(124,800)
Provision on inventories	**16,085**	–
Auditors' remuneration		
– audit services	**5,762**	4,842
– other services	**5,124**	1,056
Operating lease charges:		
– minimum lease payments for land and buildings	**24,391**	10,844

Note: Included contingent rental income of HK$15,943,000 (2012: HK$14,060,000) for the year ended 31 December 2013.

7 INCOME TAX

Income tax in the consolidated income statement represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**370,692**	560,914
Provision for Land Appreciation Tax ("LAT")	**502,456**	782,606
Withholding tax	**55,881**	28,079
	929,029	1,371,599
Deferred tax		
Origination and reversal of temporary differences	**191,912**	44,146
	1,120,941	1,415,745

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2012 and 2013.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2013 (2012: 25%).

LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned in the PRC by a Hong Kong subsidiary and profit arising from the disposal of a subsidiary at the applicable tax rates.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$1,284,458,000 (2012: HK$1,199,841,000) and the weighted average number of 1,405,474,000 shares (2012 (restated): 1,401,796,000 shares) in issue during the year, calculated as follows:

	2013	2012
	'000	*'000*
		(restated)
Weighted average number of shares		
Issued ordinary shares	**1,001,868**	1,000,414
Effect of share options exercised	**1,787**	869
Effect of bonus issue of shares (with PCSs as an alternative)	**401,819**	400,513
Weighted average number of shares	**1,405,474**	1,401,796

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$1,284,458,000 (2012: HK$1,199,841,000) and the weighted average number of 1,429,174,000 shares (2012 (restated): 1,406,360,000 shares) in issue during the year, calculated as follows:

	2013	2012
	'000	*'000*
		(restated)
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,405,474**	1,401,796
Effect of deemed issue of shares under the Company's share options schemes for nil consideration	**23,700**	4,564
Weighted average number of shares (diluted)	**1,429,174**	1,406,360

9 DIVIDENDS

Dividends payable to equity shareholders of the Company and the holders of PCSs attributable to profit for the year

	2013	2012
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK11 cents (2012: HK15 cents) per ordinary share and unit of PCSs	**154,685**	150,257
Final dividend proposed after the balance sheet date of HK11 cents (2012: HK15 cents) per ordinary share and unit of PCSs	**154,685**	150,280
	309,370	300,537

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

10 TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Debtors, prepayments and deposits	**2,059,288**	1,390,396
Amount due from a related company *(Note (i))*	**–**	44,450
Amounts due from non-controlling shareholders *(Note (i))*	**5**	85,322
	2,059,293	1,520,168

Notes:

(i) The balances are unsecured, interest-free and recoverable on demand. The balances are neither past due nor impaired.

(ii) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	2013	2012
	HK$'000	*HK$'000*
Current or under 1 month overdue	**62,172**	26,041
More than 1 month overdue and up to 3 months overdue	**485**	2,026
More than 3 months overdue and up to 6 months overdue	**226**	2,417
More than 6 months overdue and up to 1 year overdue	**289**	698
More than 1 year overdue	**6,355**	955
	69,527	32,137

(iii) The Group maintains a defined credit policy and the exposures to the credit risks are monitored on an ongoing basis. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

11 TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Creditors and accrued charges	**3,188,183**	2,863,200
Rental and other deposits	**124,820**	81,734
Receipts in advance	**6,183,858**	3,223,223
Amounts due to non-controlling shareholders *(Note (i))*	**514,693**	222,607
Amount due to a related company *(Note (ii))*	**14,708**	–
	10,026,262	6,390,764

Notes:

(i) Apart from the amount due to a non-controlling shareholder of HK$299,204,000 (2012: HK$Nil) which is interest-free, all of the balances are unsecured, interest-bearing at 10% above the 1-year RMB benchmark lending rate as determined by the People's Bank of China and repayable within one year.

(ii) The balance is unsecured, interest-free and repayable on demand.

(iii) Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	2013	2012
	HK$'000	*HK$'000*
Due within 1 month or on demand	**726,454**	1,149,858
Due after 1 month but within 3 months	**58,894**	1,077
Due after 3 months but within 6 months	**797,439**	165,194
Due after 6 months but within 1 year	**275,850**	369,494
Due after 1 year	**461,121**	374,632
	2,319,758	2,060,255

12 CAPITAL COMMITMENTS

	2013	2012
	HK$'000	*HK$'000*
Contracted for	**3,683,846**	3,354,396
Authorised but not contracted for	**2,538,894**	2,759,438
	6,222,740	6,113,834

Capital commitments mainly related to development expenditure for the Group's properties under development.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business in 2013

(1) Contracted Sales

In 2013, the Group achieved a record high in contracted sales of approximately HK$10.1 billion, representing an increase of approximately 61.2% over 2012. The contracted saleable gross floor area ("GFA") was approximately 425,089 sq.m., representing an increase of approximately 15.3% over 2012. The increase in both contracted sales and contracted saleable GFA was driven by our rapid asset-turnover model, enhanced sales efforts as well as more resources available for sale in 2013. The average selling price ("ASP") of our contracted sales in 2013 was approximately HK$23,810.5 per sq.m. (2012: approximately HK$17,024.2 per sq.m.), representing an increase of approximately 39.9% as compared with 2012. The increase in our overall ASP was mainly due to the launch of the new projects with relatively high ASP in Nanjing and Nanchang where the Group first entered into in 2012 and continued strong contribution to contracted sales from The Spring Land – Shenzhen in 2013. For the period from 1 January 2014 to 18 March 2014, the Group achieved contracted sales of approximately RMB959.7 million (equivalent to approximately HK$1,227.4 million) with contracted saleable GFA of approximately 48,343 sq.m. The Group has targeted its total contracted sales in 2014 to be HK$13.0 billion as compared to its saleable resources with value estimated at approximately HK$19.5 billion.

The breakdown of the total contracted saleable GFA and the total contracted sales of the Group during the year ended 31 December 2013 is set out as follows:

City	Project/Phase and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Shenzhen	Shenzhen Hidden Valley					
	Phase 3 – residential	945	0.2	79.5	0.8	84,127.0
	The Spring Land – Shenzhen					
	Phase 2 – residential	164	0.1	3.9	0.0	23,780.5
	Phase 3 – residential	1,304	0.3	35.4	0.3	27,147.2
	Phase 5 – residential	9,390	2.2	315.7	3.1	33,620.9
	Phase 6A – residential	63,781	15.0	1,820.7	18.0	28,546.1
	Phase 6B – residential	52,496	12.3	1,595.3	15.8	30,389.0
Sub-total		128,080	30.1	3,850.5	38.0	30,063.2
Nanjing	The Spring Land – Nanjing	112,687	26.5	3,724.2	36.8	33,049.1
Nanchang	Nanchang Fashion Mark					
	Low rise – residential	15,024	3.5	294.2	2.9	19,582.0
	Retail	5,495	1.3	280.8	2.8	51,101.0
Sub-total		20,519	4.8	575.0	5.7	28,022.8

City	Project/Phase and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Huizhou	Huizhou Hidden Bay					
	Phase 1 – residential	37,440	8.8	427.3	4.2	11,412.9
Hangzhou	Hangzhou Hidden Valley					
	Phase 1 – residential	13,459	3.2	352.4	3.5	26,183.2
	Phase 2 – residential	3,015	0.7	71.2	0.7	23,615.3
Sub-total		16,474	3.9	423.6	4.2	25,713.2
Changzhou	Changzhou Fashion Mark					
	Phase 2 – residential portion	60	0.0	0.7	0.0	11,666.7
	Phase 3 – residential portion	221	0.1	1.4	0.0	6,334.8
	Phase 4 – retail portion	2,485	0.6	104.0	1.0	41,851.1
	Phase 4 – residential portion	17,843	4.2	248.5	2.5	13,927.0
	Changzhou Le Leman City					
	Phase 1 (1-A) – retail portion	99	0.0	2.1	0.0	21,212.1
	Phase 3 (1-C) – residential	1,191	0.3	16.3	0.2	13,686.0
	Phase 4 (3-B) – residential portion	371	0.1	3.1	0.0	8,355.8
	Phase 5 (1-B) – residential	569	0.1	4.7	0.0	8,260.1
	Phase 7 (4-A) – residential	34,851	8.2	293.2	2.9	8,413.0
	Phase 7 (4-B) – retail portion	478	0.1	7.4	0.1	15,481.2
	Phase 8 (5-B) – residential portion	37,637	8.9	316.8	3.2	8,417.2
	Phase 9 (2-B) – residential	9,387	2.2	80.3	0.8	8,554.4
Sub-total		105,192	24.8	1,078.5	10.7	10,252.7
Tianjin	Tianjin Le Leman City					
	Phase 1 – residential	4,697	1.1	42.5	0.4	9,048.3
Total		425,089	100.0	10,121.6	100.0	23,810.5

(2) Projects Completed, Delivered and Booked in 2013

For the year ended 31 December 2013, the Group completed constructions of The Spring Land – Shenzhen Phase 6A, Hangzhou Hidden Valley Phase 1, Changzhou Fashion Mark Phase 4 and Changzhou Le Leman City Phase 7 (4-B) with total saleable and leasable GFA of approximately 308,546 sq.m.

For the year ended 31 December 2013, the Group's property development business in Shenzhen, Hangzhou, Changzhou and Chengdu achieved a turnover, net of sales return, of approximately HK$5,336.3 million with saleable GFA of approximately 335,558 sq.m. being recognised, representing a decrease of approximately 7.6% and 10.6%, respectively, over the year ended 31 December 2012. The recognised ASP for the sale of properties was approximately HK$15,902.8 per sq.m. for the year ended 31 December 2013, representing an increase of approximately 3.4% compared with approximately HK$15,376.6 per sq.m. for the year ended 31 December 2012.

Details of the projects completion and sale of properties of the Group recognised in 2013 are listed below:

City	**Project/Phase and Type of Project**	**Saleable/ leasable GFA of Properties Completed**	**Saleable GFA Booked**	**Sale of Properties Recognised**	**Recognised ASP**
		sq.m.	*sq.m.*	*HK$ million*	*HK$/sq.m.*
Shenzhen	Shenzhen Hidden Valley				
	– Phase 3 – residential	–	1,000	87.8	87,800.0
	– Phase 4 – residential	–	466	34.1	73,176.0
	The Spring Land – Shenzhen				
	– Phase 2 – residential	–	646	16.3	25,232.2
	– Phase 3 – residential	–	2,809	75.2	26,771.1
	– Phase 5 – residential	–	13,027	345.5	26,521.8
	– Phase 6A – residential	65,509	62,487	1,686.6	26,991.2
	– Phase 6A – retail	4,500	–	–	N/A
Sub-total		70,009	80,435	2,245.5	27,917.0
Hangzhou	Hangzhou Hidden Valley				
	– Phase 1 – residential	41,617	18,637	396.4	21,269.5

City	Project/Phase and Type of Project	Saleable/ leasable GFA of Properties Completed	Saleable GFA Booked	Sale of Properties Recognised	Recognised ASP
		sq.m.	*sq.m.*	*HK$ million*	*HK$/sq.m.*
Changzhou	Changzhou Fashion Mark				
	– Phase 3 – residential	–	60	0.7	11,666.7
	– Phase 4 – residential	67,615	59,028	874.1	14,808.2
	– Phase 4 – retail	25,133	17,754	395.8	22,293.6
	Changzhou Le Leman City				
	– Phase 1 (1-A) – retail	–	100	2.1	21,000.0
	– Phase 3 (1-C) – residential	–	730	8.4	11,506.8
	– Phase 4 (3-B) – residential	–	494	3.2	6,477.7
	– Phase 5 (1-B) – residential	–	984	7.6	7,723.6
	– Phase 6 (3-A) – residential	–	525	10.1	19,238.1
	– Phase 7 (4-B) – residential	95,286	94,867	666.6	7,026.7
	– Phase 7 (4-B) – retail	8,886	3,099	50.2	16,198.8
	– Phase 9 (2-B) – residential	–	10,317	79.6	7,715.4
Sub-total		196,920	187,958	2,098.4	11,164.2
Chengdu	Chengdu Fashion Mark				
	– office	–	50,039	626.0	12,510.2
Less: Sales return *(Note)*					
Changzhou	Changzhou Le Leman City				
	– Phase 1 (1-A) – residential	–	(270)	(1.1)	(4,074.1)
	– Phase 1 (1-A) – retail	–	(835)	(22.0)	(26,347.3)
	– Phase 2 (2-A) – retail	–	(42)	(1.0)	(23,809.5)
	– Phase 3 (1-C) – residential	–	(364)	(5.9)	(16,208.8)
Sub-total		–	(1,511)	(30.0)	(19,854.4)
Total		308,546	335,558	5,336.3	15,902.8

Note: The amount of approximately HK$30.0 million represented sales return of two units of residential apartment and 14 units of retail shop in Changzhou Le Leman City.

(3) Investment Properties

In addition to the sale of properties developed by us, we also lease out or expect to lease out our investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark and Shanghai Shama Century Park in the PRC. As at 31 December 2013, the total carrying value of the investment properties of the Group was approximately HK$9,295.3 million, representing approximately 24.0% of the Group's total assets value. The investment property portfolio which we held for the purpose of leasing to third parties had a total leasable GFA of approximately 466,305 sq.m. of which investment properties under operation with a leasable GFA of approximately 257,900 sq.m. had a fair value of approximately HK$7,506.1 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk and retail assets of The Spring Land – Shenzhen Phase 5 – Fashion Walk and The Spring Land – Shenzhen Phase 6A – Fashion Walk, which were completed but yet to operate as at 31 December 2013, had leasable GFA of approximately 21,450 sq.m., 3,495 sq.m. and 4,500 sq.m., respectively and fair value of approximately HK$171.4 million, HK$198.2 million and HK$204.6 million, respectively. The retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk and an investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which were under development as at 31 December 2013, had leasable GFA of approximately 2,960 sq.m. and 176,000 sq.m., respectively and fair value of approximately HK$102.3 million and HK$1,112.7 million, respectively. The Group recorded approximately HK$837.9 million (net of deferred tax) (for the year ended 31 December 2012: approximately HK$512.7 million) as gain in fair value of its investment properties for the year ended 31 December 2013.

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. We attract large-scale anchor tenants which assist us in enhancing the value of our projects. We enter into longer and more favourable lease contracts with such anchor tenants which include well-known brands, chain cinema operators, major game centres and top operators of catering businesses. As at 31 December 2013, the GFA taken up by our anchor tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 48.6% (as at 31 December 2012: approximately 47.0%) of our total leasable area in our investment properties under operation.

For the year ended 31 December 2013, we generated steady recurring rental income of approximately HK$197.6 million, representing an increase of approximately 52.9% as a result of an increase in the leasable GFA and average rental rates, from approximately HK$129.2 million for the year ended 31 December 2012. The average monthly rental income of our investment properties under operation for the year ended 31 December 2013 was approximately HK$101.4 per sq.m. (for the year ended 31 December 2012: approximately HK$70.3 per sq.m.). The increase in the average monthly rental income was partly attributable to increased rent rates of our existing investment properties under operation and partly attributable to Shanghai Shama Century Park which the Group acquired since 28 September 2013 with an average monthy rental income of approximately HK$196.1 per sq.m. The occupancy rate of all our investment properties under operation achieved approximately 93.5% as at 31 December 2013 (as at 31 December 2012: approximately 92.9%).

The Group also achieved satisfactory results on the pre-leasing of investment properties which have yet to commence operation. As at 31 December 2013, 100% of the leasable GFA of the retail assets of Changzhou Le Leman City Phase 9 (2–B) – Fashion Walk was committed. The Group currently expects the pre-leasing of The Spring Land – Shenzhen Phase 5 – Fashion Walk and The Spring Land – Shenzhen Phase 6A – Fashion Walk will take place in the first half of 2014 and the second half of 2014, respectively.

For the Group's investment properties under development as at 31 December 2013, which are The Spring Land – Shenzhen Phase 6B – Fashion Walk and Nanchang Fashion Mark, are expected to be completed in the second half of 2014 and second half of 2017, respectively.

Details of the Group's investment properties as at 31 December 2013 and the Group's rental income for the year ended 31 December 2013 are set out as follows:

Investment Properties	**Leasable GFA as at 31 December 2013**	**Fair Value as at 31 December 2013**	**Rental Income for the year ended 31 December 2013**	**Average Monthly Rental Income per sq.m. for the year ended 31 December 2013**	**Occupancy Rate as at 31 December 2013**
	(Note 8) *sq.m.*	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,511.7	63.1	71.1	95
Dongguan Landmark (Shopping mall and car park units)	20,172	505.2	21.6	94.7	94
Hangzhou Landmark (Shopping mall)	24,667	393.9	24.1	81.4	100
Shenzhen Water Flower Garden (Retail assets)	4,992	222.5	15.2	253.7	100
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) *(Note 1)*	3,355	189.3	6.9	224.3	76
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	671.5	16.1	60.1	99
Changzhou Le Leman City Phase 11 (Retail asset) *(Note 2)*	16,858	136.8	0.9	9.9	45
Chengdu Fashion Mark (Shopping mall and car park units) *(Note 3)*	38,525	805.7	20.9	77.5	100
Shanghai Shama Century Park (Serviced apartments and car park units) *(Note 4)*	49,357	3,069.5	28.8	196.1	87
Sub-total	257,900	7,506.1	197.6	101.4	93.5

Investment Properties	Leasable GFA as at 31 December 2013	Fair Value as at 31 December 2013	Rental Income for the year ended 31 December 2013	Average Monthly Rental Income per sq.m. for the year ended 31 December 2013	Occupancy Rate as at 31 December 2013
	(Note 8)				
	sq.m.	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
Investment properties completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B)					
– Fashion Walk (Retail asset) *(Note 5)*	21,450	171.4	–		
The Spring Land – Shenzhen Phase 5					
– Fashion Walk (Retail assets) *(Note 6)*	3,495	198.2	–		
The Spring Land – Shenzhen Phase 6A					
– Fashion Walk (Retail assets) *(Note 6)*	4,500	204.6	–		
Sub-total	29,445	574.2	–		
Investment properties under development					
The Spring Land – Shenzhen Phase 6B					
– Fashion Walk (Retail assets) *(Note 6)*	2,960	102.3	–		
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) *(Note 7)*	176,000	1,112.7	–		
Sub-total	178,960	1,215.0	–		
Total	466,305	9,295.3	197.6		

Note 1: The unoccupied areas of the retailed assets in The Spring Land – Shenzhen Phase 1 – Fashion Walk mainly represent The Spring Land – Shenzhen's sales centre with leasable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: The retail asset represents a Habilitation and Recreation Centre of Changzhou Le Leman City Phase 11 for leasing purpose.

Note 3: The shopping mall and car park units of Chengdu Fashion Mark have commenced operation since June 2013.

Note 4: Shanghai Shama Century Park is currently operated as serviced apartments for leasing and was completed in 2006 for residential and car park uses. This property comprises a total of 284 residential units across nine blocks with a total GFA of approximately 49,357 sq.m. and 240 underground car park units. Since this project was acquired by the Group on 27 September 2013, the rental income of approximately HK$28.8 million represents rental income for a period of 95 days only for the year ended 31 December 2013.

Note 5: The retail asset of Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk is expected to commence operation in the first half of 2014. As at 31 December 2013, 100% of the total leasable GFA was pre-leased to a supermarket store and the expected average monthly rental income would be approximately HK$36.5 per sq.m.

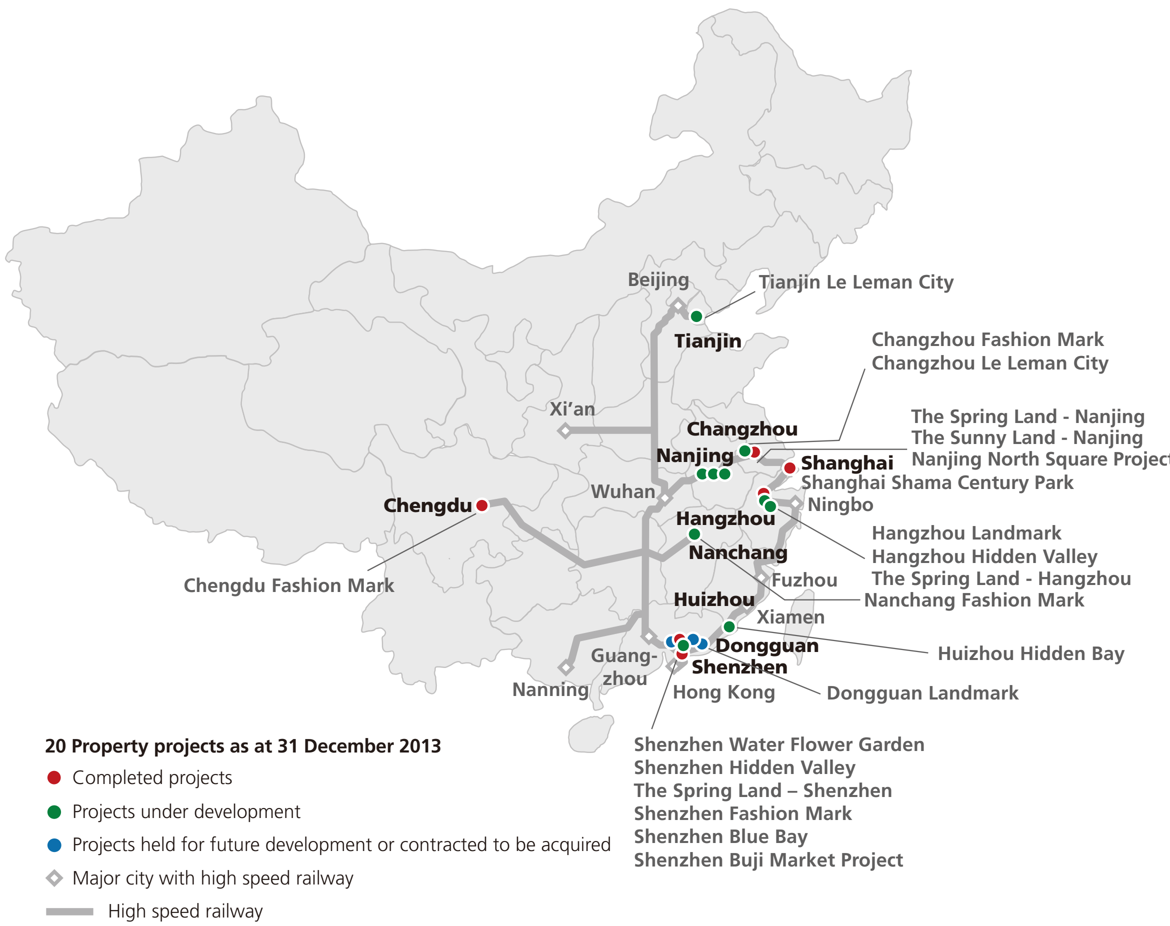
Note 6: The retail assets of The Spring Land – Shenzhen Phase 5 – Fashion Walk were completed but yet to operate in December 2013. As at 31 December 2013, the Group entered into letters of intent in relation to approximately one-third of the retail shops with various tenants.

The retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk and The Spring Land – Shenzhen Phase 6B – Fashion Walk were completed but yet to operate and under development respectively as at 31 December 2013, in which the Group intends to lease out in the future.

Note 7: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. This investment property is expected to commence and complete construction in the second half of 2014 and 2017, respectively. The investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purpose with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m and 20,000 sq.m., respectively.

Note 8: The leasable GFA as at 31 December 2013 excludes car park units.

(4) *Land Bank as at 31 December 2013*



The Group is specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2013, the Group had a total of 20 projects over 10 cities in various stages of development, including a net saleable/leasable GFA of approximately 421,428 sq.m. of completed property developments, a net saleable/leasable GFA of approximately 1,133,454 sq.m. under development, a net saleable/leasable GFA of approximately 2,073,003 sq.m. held for future development and a net saleable/leasable GFA of approximately 1,625,992 sq.m. contracted to be acquired, totalling a net saleable/leasable GFA of approximately 5,253,877 sq.m.

In 2013, the Group acquired additional commercial and residential land bank or new projects in Shanghai, Shenzhen, Nanjing and Hangzhou with the total estimated saleable/leasable GFA was approximately 726,211 sq.m. and the total consideration or estimated maximum cash compensation was approximately RMB6,487.8 million (equivalent to approximately HK$8,181.3 million). As at 31 December 2013, the Group had a total net saleable/leasable land bank of approximately 5,253,877 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both redevelopment projects), the remaining land bank of the Group with approximately 3,606,829 sq.m. has an average land cost of approximately RMB2,786.3 per sq.m. (equivalent to approximately HK$3,563.5 per sq.m.).

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley Phase 1	Residential	996	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	770	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	3,291	100
2	Shenzhen	The Spring Land – Shenzhen Phase 1	Residential/ Commercial	3,357	100
2	Shenzhen	The Spring Land – Shenzhen Phase 3	Residential/ Commercial	22,964	100
2	Shenzhen	The Spring Land – Shenzhen Phase 5	Residential/ Commercial	9,086	100
2	Shenzhen	The Spring Land – Shenzhen Phase 6A	Residential/ Commercial	7,522	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Residential/ Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Fashion Mark Phase 2	Residential/ Commercial	32,141	100
4	Changzhou	Changzhou Fashion Mark Phase 4	Residential/ Commercial	15,966	100
5	Changzhou	Changzhou Le Leman City Phase 1 (1-A)	Residential/ Commercial	1,428	100
5	Changzhou	Changzhou Le Leman City Phase 2 (2-A)	Commercial	42	100
5	Changzhou	Changzhou Le Leman City Phase 3 (1-C)	Residential	3,278	100
5	Changzhou	Changzhou Le Leman City Phase 4 (3-B)	Residential/ Commercial	1,576	100
5	Changzhou	Changzhou Le Leman City Phase 5 (1-B)	Residential/ Commercial	1,102	100
5	Changzhou	Changzhou Le Leman City Phase 6 (3-A)	Residential	6,662	100

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA *sq.m.*	Interest Attributable to the Group *%*
5	Changzhou	Changzhou Le Leman City Phase 7 (4-B)	Residential/ Commercial	6,206	100
5	Changzhou	Changzhou Le Leman City Phase 9 (2-B)	Residential/ Commercial	43,894	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Retail asset and Holiday-Inn Hotel)	Commercial/ Hotel	50,716	100
6	Dongguan	Dongguan Landmark	Residential/ Commercial	20,217	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,182	100
8	Hangzhou	Hangzhou Hidden Valley Phase 1	Residential	22,980	100
9	Chengdu	Chengdu Fashion Mark	Commercial	40,076	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments/ Car parks	49,357	70
Subtotal				**421,428**	
Projects Under Development					
2	Shenzhen	The Spring Land – Shenzhen Phase 6B	Residential/ Commercial	56,900	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-A)	Residential/ Commercial	84,921	100
5	Changzhou	Changzhou Le Leman City Phase 8 (5-B)	Residential	98,855	100
8	Hangzhou	Hangzhou Hidden Valley Phase 2	Residential	24,107	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phase 1	Commercial	34,204	58
12	Huizhou	Huizhou Hidden Bay Phase 1	Residential	136,500	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	440,594	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	144,625	100
15	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial	112,748	100
Subtotal				**1,133,454**	

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City Phase 10 (5-A)	Residential/ Commercial	109,500	100
5	Changzhou	Changzhou Le Leman City Phase 11 – extended area	Residential/ Commercial	62,849	100
8	Hangzhou	Hangzhou Hidden Valley Phases 3-9	Residential	247,978	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phases 2-5, (Lot 5 and 7) and (Lot 8)	Commercial	696,074	58
12	Huizhou	Huizhou Hidden Bay Phases 2-5	Residential	374,068	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	389,729	70
16	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
17	Shenzhen	Shenzhen Buji Market Project – the Cold Store	Commercial	15,955	55
18	Nanjing	The Sunny Land – Nanjing	Residential	161,850	100
Subtotal				**2,073,003**	
Projects Contracted To Be Acquired					
17	Shenzhen	Shenzhen Buji Market Project – excluding the Cold Store	Commercial	342,045	55
19	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial	1,239,691	100
20	Nanjing	Nanjing North Square Project	Commercial	44,256	90
Subtotal				**1,625,992**	
TOTAL				**5,253,877**	

Details of the land reserves or projects acquired and disposed from 1 January 2013 to the date of this announcement are set out below:

Land reserves or projects acquired from 1 January 2013 to the date of this announcement

Land reserves acquired:

City	Project	Total Consideration	Site Area	Total Saleable/ Leasable GFA	Average Cost	Interest Attributable to the Group
		RMB'000	*sq.m.*	*sq.m.*	*RMB per sq.m.*	*%*
Hangzhou	The Spring Land – Hangzhou(1)	1,550,640	28,704	112,748	13,753.1	100
Nanjing	The Sunny Land – Nanjing(2)	1,400,000	63,328	161,850	8,650.0	100
Total		2,950,640	92,032	274,598	10,745.3	

Projects acquired:

City	Project	Total Consideration or Estimated Maximum Cash Compensation	Total Saleable/ Leasable or Estimated Saleable/ Leasable GFA	Total Number or Estimated Number of Underground Car Park Units	Interest Attributable to the Group
		RMB'000	*sq.m.*		*%*
Shanghai	Shanghai Shama Century Park(3)	1,198,137	49,357	240	70
Shenzhen	Shenzhen Buji Market Project(4)	2,100,000	358,000	N/A	55
Nanjing	Nanjing North Square Project(5)	239,040	44,256	300	90
Sanhe	Hebei Sanhe Yanjiao Project(6)	365,528	405,870	N/A	51
		3,902,705	857,483	540	

Notes:

(1) In May 2013, the Group successfully bid a parcel of residential and commercial land in Hangzhou through public auction at a consideration of RMB1,550,640,000 (equivalent to approximately HK$1,943,157,000). The Group entered into a land grant contract for the land with a total site area of approximately 28,704 sq.m. in May 2013. The Group obtained the land use rights certificate for the parcel of land in November 2013.

(2) In August 2013, the Group successfully bid a parcel of residential land in Nanjing through public auction at a consideration of RMB1,400,000,000 (equivalent to approximately HK$1,754,386,000). The Group obtained the land use rights certificate for the parcel of land in February 2014.

(3) On 16 August 2013, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group conditionally agreed to purchase the entire issued share capital of SSCP Limited which indirectly owned Shanghai Shama Century Park (an operational serviced apartment project with 284 residential units plus 240 underground car park units for leasing currently). The completion of the transaction took place on 27 September 2013. The consideration for the acquisition was RMB1,711,624,000 (equivalent to approximately HK$2,157,645,000). For details, please refer to the Company's announcement and circular dated 19 August 2013 and 18 October 2013, respectively.

On 31 October 2013, the Group entered into another share purchase agreement with a connected person pursuant to which the Group conditionally agreed to sell (i) 30% of the issued share capital of Shine Rise International Limited, which was an indirect wholly-owned subsidiary of the Company and indirectly owns Shanghai Shama Century Park, for a consideration of RMB6,555,000 (equivalent to approximately HK$8,259,000) and (ii) 30% of the outstanding shareholder's loan of Shine Rise International Limited as at the date of the completion of this transaction, being 27 December 2013, at RMB237,000,000 (equivalent to approximately HK$298,620,000). As a result, the Group has had 70% effective interest over the Shanghai Shama Century Park since 27 December 2013. For details, please refer to the Company's announcement and circular dated 31 October 2013 and 29 November 2013, respectively.

(4) On 15 November 2013, the Group entered into a cooperation framework agreement with Shenzhen Agricultural Products Co., Ltd., a connected person. Pursuant to the cooperation framework agreement, Shenzhen Xinxiang Investment Development Co., Ltd., an indirectly non-wholly owned subsidiary of the Company, has agreed to be the sole principal of the urban renewal project for Buji Agricultural Products Centre Wholesale Market, Luohu, Shenzhen (the "Shenzhen Buji Market Project"), a redevelopment project with two phases for redeveloping and reconstructing a land attached to the project, upon obtaining the approval of the PRC Government. Shenzhen Agricultural Products Co., Ltd. has agreed to solely cooperate with Shenzhen Xinxiang Investment Development Co., Ltd. in the Shenzhen Buji Market Project. The maximum cash compensation payable by Shenzhen Xinxiang Investment Development Co., Ltd. in relation to Shenzhen Buji Market Project Phase 1 redevelopment is estimated to be RMB2,100,000,000 (equivalent to approximately HK$2,646,000,000). For details, please refer to the Company's announcement and circular dated 17 November 2013 and 27 December 2013, respectively.

(5) On 31 December 2013, the Group entered into a share and shareholder's loan transfer agreement with an independent third party. Pursuant to the share and shareholder's loan transfer agreement, the Group conditionally agreed to acquire the entire issued share capital in Urban Transportation Infrastructure Development Limited which indirectly owns 90% interest in Nanjing North Square Project and an outstanding shareholder's loan of Urban Transportation Infrastructure Development Limited at an aggregate consideration of RMB239,040,000 (equivalent to approximately HK$303,581,000). Since 2 January 2014 (the date of completion of this transaction), the Group has had 90% interest over Nanjing North Square Project. For details, please refer to the Company's announcement dated 31 December 2013.

(6) On 23 January 2014, the Group entered into a capital injection agreement with an independent third party. Pursuant to the capital injection agreement, the Group agreed to inject capital in Sanhe City Xue Zhe Zhi Jia Investment Limited, which owns Hebei Sanhe Yanjiao Project, in the total amount of RMB228,140,000 (equivalent to approximately HK$289,738,000) and to provide a shareholder's loan in an amount of RMB137,388,000 (equivalent to approximately HK$174,482,000) to Sanhe City Xue Zhe Zhi Jia Investment Limited. Upon completion of this transaction, the Group will have 51% interest over Hebei Sanhe Yanjiao Project. For details, please refer to the Company's announcement dated 23 January 2014.

The Group intends to continue to leverage its past experience in identifying land with investment potential at advantageous times and acquiring land reserves at relatively low cost. Moreover, the Group intends to continue to acquire low-cost land in locations with vibrant economies and strong growth potential.

Land reserve disposed of from 1 January 2013 to the date of this announcement

Pursuant to a sale and purchase agreement dated 23 January 2013, the Group conditionally agreed to sell the entire issued share capital in Top Spring Taihu Bay which indirectly owned the land of Taihu Hidden Valley Project, and the loan outstanding and owed by Top Spring Taihu Bay to Top Spring International (BVI) Limited as at the date of completion of the transaction at a total consideration of approximately HK$685,253,000 to an independent third party. The completion of the transaction took place on 3 May 2013 and this resulted in a net gain on disposal of a subsidiary of HK$186,640,000. As at 2 May 2013, the net saleable GFA of the Taihu Hidden Valley Project attributable to the Group was approximately 350,001 sq.m.

(5) Expected Project Commencement and Completion in 2014

In 2014, the Group intends to commence construction on eight projects with a total saleable/leasable GFA of approximately 872,116 sq.m.

Details of the projects with expected commencement of construction in 2014 are set out below:

City	**Project**	**Total Saleable/ Leasable GFA** *sq.m.*
Nanjing	The Sunny Land – Nanjing	161,850
Nanjing	Nanjing North Square Project	44,256
Nanchang	Nanchang Fashion Mark (Lot B12)	125,768
Hangzhou	Hangzhou Hidden Valley Phase 3	26,225
Huizhou	Huizhou Hidden Bay Phase 2	132,775
Sanhe	Hebei Sanhe Yanjiao Project	158,538
Changzhou	Changzhou Le Leman City Phase 10 (5-A)	109,500
Changzhou	Changzhou Le Leman City Phase 11 – extended area	62,849
Tianjin	Tianjin Le Leman City (Lot 4) Phases 2-3	50,355
Total		872,116

The Group also intends to complete the construction on seven projects with a total saleable/leasable GFA of approximately 570,047 sq.m. in 2014.

Details of the projects with expected completion in 2014 are set out below:

City	Project	Total Saleable/ Leasable GFA *sq.m.*
Shenzhen	The Spring Land – Shenzhen Phase 6B	56,900
Nanjing	The Spring Land – Nanjing	144,625
Nanchang	Nanchang Fashion Mark – low rise residential	39,362
Hangzhou	Hangzhou Hidden Valley Phase 2	24,107
Huizhou	Huizhou Hidden Bay Phase 1	136,500
Changzhou	Changzhou Le Leman City Phase 7 (4-A)	84,921
Changzhou	Changzhou Le Leman City Phase 8 (5-B) – partial	49,428
Tianjian	Tianjin Le Leman City (Lot 4) Phase 1	34,204
Total		570,047

BUSINESS REVIEW

In 2013, the PRC property market recorded a strong growth in both transaction volume and pricing.

Total area of commodity properties sold increased by approximately 17.3% to approximately 1,306 million sq.m. in 2013 as compared with 2012, significantly ahead of the approximately 1.3% year-over-year growth rate in 2012.

Slower supply growth in 2013 as a result of the subdued land market in 2012 led to a strong rise in commodity property prices in most major cities in the PRC. Commodity property prices on average rose by approximately 7.7% year-over-year in 2013, though such inflationary pressure gradually eased in the second-half of 2013. Meanwhile, the price increase of commodity properties in the first-tier cities significantly outgrown that of the lower-tier cities.

The land market started to recover in the second quarter of 2013. Since then, the land market has become more and more heated with many land parcels being transacted at record-high prices, particularly in the fourth quarter of 2013. In 2013, total land sale proceeds amounted to approximately RMB4.1 trillion, representing an increase of approximately 44.7% as compared with 2012.

The Group seized the favorable supply and demand market condition and launched a total of seven new projects or new phases of existing projects in Shenzhen, Nanjing, Nanchang, Huizhou, Hangzhou and Changzhou for pre-sales during 2013. In 2013, total contracted sales amounted to approximately HK$10.1 billion, representing an increase of approximately 61.2% as compared with 2012 and a record-high for the Group. The Group attributes the satisfactory sales performance to its renowned brand name, contemporary and innovative product design, superior product quality and desirable product mix (that is, approximately 81.4% of the contracted sales area in 2013 was represented by residential units with unit size of 144 sq.m. or below targeting first-time home buyers and first-time home upgraders). More importantly, despite ever growing market competition, the Group has continued to thrive in gaining market recognition. For instance, in terms of transaction value, The Spring Land – Shenzhen was ranked the fifth best-selling residential project in Shenzhen in 2013 and The Spring Land – Nanjing was ranked the fourth best-selling residential project in Nanjing in 2013. The inaugural launch of Phase 1 of Nanchang Fashion Mark in December 2013 also saw very strong demand from customers.

In 2013, the Group generated recurring rental income of approximately HK$197.6 million, representing an increase of approximately 52.9% as compared with 2012. In 2013, the Group significantly expanded its investment property portfolio with the successful acquisition of Shanghai Shama Century Park – an operational serviced apartment project adjacent to the Century Park in Pudong New District, Shanghai and the inclusion of Nanchang Fashion Mark – a landmark project located at the very prime area of the Honggutan New District, the central business district of Nanchang and comprises a high-end shopping mall, retail shops and serviced apartments. The total leasable GFA of the investment property portfolio of the Group grew to approximately 466,305 sq.m. as at 31 December 2013, representing an increase of approximately 102.7% from approximately 229,993 sq.m. as at 31 December 2012. The fair value of the investment property portfolio also increased substantially by approximately 119.7% to approximately HK$9,295.3 million as at 31 December 2013 from approximately HK$4,230.8 million as at 31 December 2012 and accounted for approximately 24.0% of the Group's total assets value as at 31 December 2013.

In 2013, the Group commenced construction on two new phases and three new projects with a total saleable/leasable GFA of approximately 820,929 sq.m., representing an increase of approximately 114.6% as compared with 2012. During the year, the Group completed four phases among four projects with a total saleable/leasable GFA of approximately 308,546 sq.m., representing a decrease of approximately 38.2% as compared with 2012. Nine phases among eight projects with a total saleable/leasable GFA of approximately 1,133,454 sq.m. were under construction as at 31 December 2013, representing an increase of approximately 82.5% as compared with 2012.

The Group was quite active in replenishing its land bank and expanding its investment property portfolio through auctions and acquisitions in 2013. In May and August 2013, the Group acquired two plots of land in Hangzhou and Nanjing through auctions with an aggregate GFA of approximately 274,598 sq.m. The average land cost for these two newly acquired land plots was approximately RMB10,745.3 per sq.m. (equivalent to approximately HK$13,550.2 per sq.m.). In August 2013, the Group successfully acquired the Shanghai Shama Century Park with a saleable/leasable GFA of approximately 49,357 sq.m. The project is being held as an investment property of the Group. In November 2013, the Group entered into the cooperation framework agreement with Shenzhen Agricultural Products Co., Ltd. for the redevelopment and reconstruction of the Shenzhen Buji Market Project located in the Luohu District of Shenzhen into a planned commercial mixed-use development project. Finally, the Group acquired a relatively small commercial property project in Nanjing in December 2013 with a saleable/leasable GFA of approximately 44,256 sq.m. Including the newly acquired projects, the Group had a land bank with a total saleable/leasable GFA of approximately 5,253,877 sq.m. which comprised 20 projects in 10 cities as at 31 December 2013. As at 31 December 2013, the average cost of the Group's land bank of approximately 3,606,829 sq.m., representing the land bank of the Group excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both redevelopment projects), was approximately RMB2,786.3 per sq.m. (equivalent to approximately HK$3,563.5 per sq.m.).

In 2013, the Group further strengthened its operational efficiency and execution capability with an aim to further increasing its asset turnover by shortening the project development cycle. Significant progress was also made in other areas such as product quality, product design, cost control, standardisation of products and operational procedures as well as level of customer satisfaction.

FUTURE OUTLOOK

In our view, the policy direction towards the PRC real estate sector is gradually shifting away from reliance on administrative measures in favour of market-oriented approach. Going forward, we believe land supply, taxes (including property tax) and interest rates will increasingly be used as the major tools for regulating the real estate sector by the Chinese government. Moreover, other reform initiatives such as urbanisation, relaxation of the one-child policy and reform of the household registration system, marketisation of rural land as unveiled at the conclusion of the Third Plenary Session of the 18th Central Committee of the Communist Party of China held in November 2013 shall also bode well for the medium- to long-term development of the real estate sector. Specifically, it was estimated that urbanisation and the reform of the household registration system alone could lead to an increase of 200 million urban citizens over a period of time.

Notwithstanding the above long term positive factors, we are cautious about the near-term outlook of the sector. First, we believe the Chinese government is determined to reform the domestic financial sector, which could lead to a potential decline in market liquidity in the near term. Second, the ongoing US quantitative measures tapering could lead to increased financial market volatility and potential capital outflows for emerging economies, including China. Third, the ongoing slowdown of the Chinese economy should lead to slower income growth and lower inflationary pressure, both would have a negative effect on the demand for properties.

Given the uncertainties above amid the current overheated land market, the Group will be more cautious towards its pace of expansion and land acquisitions in 2014.

In 2014, the primary focus of the Group would be to promote contracted sales and cash recovery. Considering the land bank acquired in recent years and the continuous improvement on operational efficiency, the Group's saleable resources are expected to grow to approximately HK$19.5 billion in 2014. Moreover, approximately 64.1% of the Group's saleable resources in 2014 are represented by residential units with unit size of 144 sq.m. or below targeting first-time home buyers and first-time home upgraders. The Group has set its sales target at HK$13.0 billion, representing a growth of approximately 28.7% over the actual contracted sales of HK$10.1 billion in 2013. Despite its pursuit of rapid asset turnover, the Group will still strike to maintain the right balance between product pricing and contracted sales volume.

Following the more aggressive acquisitions of land bank in 2012 and first to third quarter of 2013, the Group will adopt a more conservative approach towards land bank acquisitions in 2014, a move that is consistent with its anti-cyclical land acquisition strategy. By promoting contracted sales and controlling the overall expenditures on land acquisitions, the Group aims to reduce its net gearing ratio to below 80% by the end of 2014. The Group however will still continuously review and adjust the composition of its land bank so as to increase the proportion of land bank suitable for pursuing the rapid asset turnover model.

In 2014, the Group will further step up its efforts in the following aspects of the business including corporate governance, corporate culture, product and business innovations, sales and marketing initiatives, standardisation, environmental protection and management incentives system.

FINANCIAL REVIEW

In 2013, the Group's consolidated turnover and profit attributable to equity shareholders of the Company reached approximately HK$5,746.5 million and HK$1,284.5 million, respectively, decreased by approximately 5.3% and increased by approximately 7.1% respectively over the corresponding period of 2012. For the year ended 31 December 2013, the Group's basic earnings per Share increased by approximately 5.8% as compared with the corresponding period of 2012 to approximately HK$0.91. Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs increased by approximately 25.0% as compared with approximately HK$3.2 as at 31 December 2012 (adjusted) to approximately HK$4.0 as at 31 December 2013.

In order to maintain a stable dividend policy, the Board has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2013 (for the year ended 31 December 2012: HK15 cents per Share), subject to the approval by shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs, total dividend declared for 2013 amounts to HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs. The dividend payout ratio for the year ended 31 December 2013 was approximately 24.1% (for the year ended 31 December 2012: approximately 25.0%).

Turnover

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed.

Turnover for the year ended 31 December 2013 decreased by approximately 5.3% to approximately HK$5,746.5 million from approximately HK$6,065.0 million for the year ended 31 December 2012. This decrease was primarily due to a decrease in our sale of properties. The Group has recognised property sales of approximately HK$5,336.3 million, accounting for approximately 92.9% of the total turnover of approximately HK$5,746.5 million. The remaining approximately 7.1% represented rental income, income from hotel operations and property management and related services income.

Turnover from sale of properties decreased by approximately 7.6% in 2013 as compared with 2012 primarily due to a decrease of approximately 10.6% in total saleable GFA sold and delivered, from approximately 375,537 sq.m. (excluding car park units and net of sales return) in 2012 to approximately 335,558 sq.m. (excluding car park units and net of sales return) in 2013, which offset a slight increase of approximately 3.4% in average recognised ASP from approximately HK$15,376.6 per sq.m. in 2012 to approximately HK$15,902.8 per sq.m. in

2013. The decrease in total saleable GFA sold and delivered was in turn primarily driven by the lower scheduled deliveries of pre-sold properties of The Spring Land – Shenzhen (2013: approximately 78,969 sq.m. in total and 2012: approximately 145,337 sq.m. in total) more than offsetting a higher scheduled deliveries of pre-sold properties of Chengdu Fashion Mark (2013: approximately 50,039 sq.m. and 2012: approximately 20,649 sq.m.) for the year ended 31 December 2013. Rental income increased primarily due to an increase in both the leasable GFA and average rental rates of our investment properties under operation for the year ended 31 December 2013. Income from hotel operations decreased mainly due to a decrease in the average room rate and the income from the food and beverage sector of our hotel property. Such decrease was mainly attributable to the direct competition from two reputable hotels which are located in the same region as our hotel property. As a result of an increase in the leased GFA of our investment properties and sold and delivered GFA of our residential properties, the property management and related services income also increased.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. We recognise the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

Our direct costs increased to approximately HK$3,446.1 million for the year ended 31 December 2013 from approximately HK$2,889.6 million for the year ended 31 December 2012. This increase was primarily attributable to the relatively higher land and construction costs included in our properties completed and delivered, in particular Hangzhou Hidden Valley, for the year ended 31 December 2013.

Gross profit

Our gross profit decreased by approximately 27.6%, to approximately HK$2,300.4 million for the year ended 31 December 2013 from approximately HK$3,175.4 million for the year ended 31 December 2012. The Group reported a gross profit margin of approximately 40.0% for the year ended 31 December 2013 as compared with approximately 52.4% for the year ended 31 December 2012. The decrease in gross margin was primarily driven by the higher proportion of recognised sales in 2013 (approximately 38.8% in 2013 versus approximately 30.2% in 2012) being generated from our Changzhou projects, in particular Changzhou Le Leman City, which offer relatively lower gross margins.

Other revenue

Other revenue decreased by approximately HK$7.2 million, or approximately 5.5%, to approximately HK$124.5 million in 2013 from approximately HK$131.7 million in 2012. The amount mainly consisted of bank interest income and a government grant of approximately HK$92.6 million and approximately HK$15.1 million, respectively in 2013 which were decreased by approximately HK$3.5 million and HK$8.7 million, respectively as compared with 2012.

Other net income/(loss)

Other net income/(loss) changed from a net loss of approximately HK$28.4 million in 2012 to a net income of approximately HK$405.7 million in 2013. The change was primarily attributable to a net gain on disposal of a subsidiary which indirectly held 100% interest of the land of the Taihu Hidden Valley Project, a net gain on early repayment of a secured other borrowing, a gain on a bargain purchase arising from the acquisition of SSCP Limited, which indirectly holds 100% interest in Shanghai Shama Century Park, fair value change on derivative financial instruments and net exchange gain of approximately HK$186.6 million, HK$44.5 million, HK$91.2 million, HK$45.4 million and HK$38.0 million, respectively, for the year ended 31 December 2013.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 40.5% to approximately HK$255.0 million for the year ended 31 December 2013 from approximately HK$181.5 million for the year ended 31 December 2012. The increase was primarily attributable to more advertising and promotion expenses incurred for the launch of our new projects for pre-sale in 2013 as compared with 2012. Selling and marketing expenses accounted for approximately 2.5% of contracted sales in 2013 (2012: approximately 2.9%).

Administrative expenses

Administrative expenses increased by approximately 4.4% to approximately HK$533.6 million for the year ended 31 December 2013 from approximately HK$511.0 million for the year ended 31 December 2012. The increase was mainly due to an increase in the rental and office expenses, due to the establishment of new project companies in the PRC in 2013.

Valuation gains on investment properties

Valuation gains on investment properties increased by approximately 63.5% to approximately HK$1,117.7 million for the year ended 31 December 2013 from approximately HK$683.6 million for the year ended 31 December 2012. The increase was partly attributable to the investment property of Nanchang Fashion Mark which contributed a valuation gain of approximately HK$486.8 million and partly attributable to the intended use of certain areas in The Spring Land – Shenzhen Phases 5, 6A and 6B – Fashion Walk being changed to leasing purpose during the year ended 31 December 2013 which contributed a valuation gain of approximately HK$408.2 million being recognised for the year ended 31 December 2013.

Finance costs

Finance costs increased by approximately 0.1% to approximately HK$671.8 million for the year ended 31 December 2013 from approximately HK$670.9 million for the year ended 31 December 2012.

Income tax

Income tax expenses decreased by approximately 20.8% to approximately HK$1,120.9 million for the year ended 31 December 2013 from approximately HK$1,415.7 million for the year ended 31 December 2012. The decrease was mainly attributable to the decrease in gross profit which was in turn driven primarily by the higher proportion of sales being generated from our Changzhou projects with relatively lower gross profit margin for the year ended 31 December 2013. Consequently, there was a decrease in the provision for CIT and LAT by approximately HK$190.2 million and HK$280.2 million, respectively.

Profitability

The net profit margin of the Group (profit attributable to equity shareholders of the Company to turnover) increased from approximately 19.8% in 2012 to approximately 22.4% in 2013.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK$77.4 million for the year ended 31 December 2013 (for the year ended 31 December 2012: loss of approximately HK$11.9 million). The change was primarily due to a valuation gain of approximately HK$486.8 million recorded for the year ended 31 December 2013 from an investment property of Nanchang Fashion Mark held by a non-wholly owned subsidiary in which 30% of its equity interest is attributable to the non-controlling interest. During the year ended 31 December 2013, the newly added non-controlling interests represented the 30% equity interests held by a connected person in both 南昌萊蒙置業有限公司 (Nanchang Top Spring Real Estate Co., Ltd.*) and Shine Rise International Limited and the 49% equity interests held by four connected persons in 惠東縣萊洋天置業有限公司 (Huidong Province Laiyangtian Real Estate Co., Ltd*).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2013, the carrying amount of the Group's cash and bank deposits was approximately HK$10,183.9 million (as at 31 December 2012: approximately HK$6,015.0 million), representing an increase of approximately 69.3% as compared with that as at 31 December 2012.

For the year ended 31 December 2013, the Group had net cash used in operating activities of approximately HK$648.2 million, net cash used in investing activities of approximately HK$2,040.7 million and net cash generated from financing activities of approximately HK$3,260.9 million.

* *For identification purposes only*

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, amount due to a non-controlling shareholder and loans from joint ventures) as at 31 December 2013 of approximately HK$16,499.5 million, of which approximately HK$9,286.2 million is repayable within 1 year, approximately HK$6,362.8 million is repayable after 1 year but within 5 years and approximately HK$850.5 million is repayable after 5 years. As at 31 December 2013 the Group's bank loans of approximately HK$13,920.4 million (as at 31 December 2012: approximately HK$6,771.9 million) were secured by certain investment properties, hotel properties, other land and buildings, properties under development for sale, completed properties for sale, pledged deposits and rental receivables, of the Group with total carrying values of approximately HK$21,800.8 million (as at 31 December 2012: approximately HK$9,708.7 million). As at 31 December 2013, the Group's other borrowings of approximately HK$463.3 million (as at 31 December 2012: approximately HK$1,343.5 million) were secured by equity interests in certain subsidiaries within the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$1,789.4 million (as at 31 December 2012: approximately HK$788.0 million) and HK$2,512.3 million (as at 31 December 2012: approximately HK$1,308.5 million) as at 31 December 2013 which were denominated in Hong Kong dollars and US dollars respectively.

As at 31 December 2013, the Group had a bank borrowing of approximately HK$767.4 million, other borrowings of approximately HK$287.8 million from a related company and two loans from joint ventures of approximately HK$601.2 million and HK$622.4 million which were at fixed interest rates of 9.85% per annum, 10% per annum, 10.3553% per annum and 9.0535% per annum, respectively.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 9.1% in 2013 (2012: approximately 11.2%).

Net gearing ratio

The net gearing ratio is calculated by dividing our net borrowings (total borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. Our net gearing ratio as at 31 December 2013 and 31 December 2012 were approximately 100.6% and 67.5%, respectively. The net gearing ratio increased as a result of the increased capital expenditure incurred on land acquisitions for projects newly acquired in Shenzhen, Hangzhou, Shanghai and Nanjing as well as settlement on the outstanding land premium of existing projects, such as Nanchang Fashion Mark during the year ended 31 December 2013.

Foreign exchange risk

As at 31 December 2013, the Group had cash balances denominated in RMB of approximately RMB7,514.6 million (equivalent to approximately HK$9,610.7 million), and in US dollars of approximately US$20.4 million (equivalent to approximately HK$158.2 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or US dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. We do not have a foreign currency hedging policy. However, the Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

BONUS ISSUE OF SHARES

Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 15 May 2013, bonus Shares were made to Shareholders whose names appear on the register of members of the Company on 24 May 2013 (the "Bonus Issue"), on the basis of two new Shares (the "Bonus Shares") for every five Shares held, with an option to elect to receive PCSs in lieu of all or part of their entitlements to the Bonus Shares under the Bonus Issue.

The PCSs are unlisted and irredeemable but have conversion rights entitling the holders of PCSs to convert into an equivalent number of Shares as the number of Bonus Shares which the holders of PCSs would otherwise be entitled to receive under the Bonus Issue had the Shareholder not elected for the PCSs.

On 20 June 2013, an amount of approximately HK$15,036,560 standing to the credit of the share premium account was applied in paying up in full 150,365,600 Shares of HK$0.1 each which were allotted and issued as fully paid to the Shareholders who were entitled to those Bonus Shares and did not elect to receive the PCSs. In addition, the PCSs in the amount of approximately HK$25,092,080 were issued to Shareholders who elected to receive the PCSs, and the same amount was capitalised from the share premium account as reserve arising from issuance of the PCSs.

Reserve arising from issuance of the PCSs was capitalised from the share premium account for the purpose of issue of new Shares upon conversion of the PCSs. There was no conversion to ordinary Shares by the holders of PCSs during the year ended 31 December 2013.

Upon completion of the Bonus Issue, adjustments were made to the exercise price and outstanding number of share options granted pursuant to the Group's pre-IPO and post-IPO share option schemes (see Employees and Remuneration Policy section below).

NET ASSETS PER SHARE

Net assets per Share of the Company as at 31 December 2013 and 31 December 2012 are calculated as follows:

	As at 31 December 2013	As at 31 December 2012 (restated)
Net assets attributable to equity shareholders of the Company *(HK$'000)*	**5,645,996**	4,455,385
Number of issued ordinary Shares *('000)*	**1,155,303**	1,001,868
Effect of the Bonus Issue (with PCSs as an alternative) *('000)*	**–**	400,747
Number of outstanding PCSs *('000)*	**250,921**	–
Number of Shares for the calculation of net assets per Share *('000)*	**1,406,224**	1,402,615
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$)*	**4.0**	3.2*

* *Adjusted for the Bonus Issue in 2013*

CONTINGENT LIABILITIES

As at 31 December 2013, save for the guarantees of approximately HK$4,190.0 million (as at 31 December 2012: approximately HK$2,824.4 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities as at 31 December 2013.

Pursuant to the mortgage contracts, banks require us to guarantee our purchasers' mortgage loans until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our purchasers. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any shortfall from us as the guarantor of the mortgage loan.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During the year ended 31 December 2013, the Group did not have any material acquisitions or disposals of assets save as disclosed in this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group employed a total of 1,697 employees (as at 31 December 2012: 1,369 employees) in the PRC and Hong Kong. Of them, 127 were under the headquarter team, 412 were under the property development division and 1,158 were under the retail operation and property management division. For the year ended 31 December 2013, the total staff costs incurred was approximately HK$315.4 million (for the year ended 31 December 2012: approximately HK$310.5 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2013, 3,069,500 (for the year ended 31 December 2012: 1,454,500) share options had been exercised by the grantees and a total number of 3,092,996 and 177,000 (for the year ended 31 December 2012: 3,071,666 and 15,000) share options had been cancelled and lapsed respectively upon the resignation of certain grantees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of share options under the pre-IPO share option scheme in which 9,478,516 share options were additionally granted to the holders of the share options under the pre-IPO share option scheme. As a result, 30,461,189 (as at 31 December 2012: 27,322,169) share options were outstanding as at 31 December 2013 under the pre-IPO share option scheme.

During the year ended 31 December 2013, a total number of 328,000 (for the year ended 31 December 2012: 608,000) awarded Shares under the share award scheme had been cancelled upon resignation of certain awardees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of awarded shares under the share award scheme in which 2,067,200 Shares were additionally awarded to the awardees. As a result, based on the Directors' knowledge, 7,123,200 (as at 31 December 2012: 5,384,000) awarded Shares were outstanding as at 31 December 2013 under the share award scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012 and 20 June 2013, the Group granted 15,720,000 share options (Lot 1) and 14,000,000 share options (Lot 2), respectively under the post-IPO share option scheme at the exercise prices of HK$3.17 per Share and HK$4.14 per Share respectively to directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the post-IPO share option scheme for the year ended 31 December 2013 is as follows:

	As at 1 January 2013	Share options granted *(Note)*	Share options exercised	Share options cancelled	Share options lapsed	As at 31 December 2013
Lot 1	15,420,000	5,808,000	–	(1,437,600)	(50,400)	19,740,000
Lot 2	–	14,000,000	–	(2,300,000)	–	11,700,000
	15,420,000	19,808,000	–	(3,737,600)	(50,400)	31,440,000

Note:

The 5,808,000 share options granted (Lot 1) under the post-IPO share option scheme represented an adjustment made to the number of the share options which were additionally granted to the holders of share options (Lot 1) upon completion of the Bonus Issue on 20 June 2013.

ANNUAL GENERAL MEETING

An annual general meeting (the "AGM") of the Company is scheduled to be held on 19 May 2014, notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2013 (for the year ended 31 December 2012: HK15 cents) to Shareholders and holders of PCSs whose names appear on the register of members or the register of holders of PCSs of the Company on 6 June 2014. Upon approval by the Shareholders at the AGM, the final dividend will be payable on or around 12 June 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend and vote at the AGM and their entitlements to the proposed final dividend, the register of members and the register of holders of the PCS of the Company will be closed as set out below:

(i) For determining the eligibility of the Shareholders to attend and vote at the AGM:

The register of members and the register of holders of the PCSs of the Company will be closed from Thursday, 15 May 2014 to Monday, 19 May 2014 (both days inclusive), during which period no transfer of the Shares and PCS(s) will be effected.

In order to qualify for attending and voting at the AGM, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar ("Hong Kong Share Registrar"), Tricor Investor

Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Wednesday, 14 May 2014; and (b) in the case of the PCS(s), the notice of conversion in prescribed form, together with the relevant certificate of the PCS(s) and confirmation that any amounts required to be paid by the holder of the PCS(s) have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5 May 2014.

The record date for such purposes is Monday, 19 May 2014.

(ii) For determining the entitlement of the Shareholders and the holders of PCSs to the proposed final dividend:

The register of members and the register of holders of the PCS(s) will be closed from Wednesday, 4 June 2014 to Friday, 6 June 2014 (both days inclusive), during which period no transfer of the Shares and PCS(s) will be effected.

In order to qualify for the proposed final dividend, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 3 June 2014; and (b) in the case of the PCS(s), all transfers of PCS(s) accompanied by the relevant PCS(s) certificates must be lodged with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 27 May 2014.

The record date for such purposes is Friday, 6 June 2014.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") during the year ended 31 December 2013 and, where appropriate, adopted the Recommended Best Practices set out in the Code, except for the following deviation:

Under Rule A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2013, Mr WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board believes that the serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

Details of the Company's corporate governance practices will be set out in the Company's 2013 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct during the year ended 31 December 2013.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting principles and practice adopted by the Group and has reviewed the consolidated annual results of the Group for the year ended 31 December 2013. The audit committee of the Board comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Mr BROOKE Charles Nicholas and Professor WU Si Zong.

SCOPE OF REVIEW

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.topspring.com. The annual report will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
TOP SPRING INTERNATIONAL HOLDINGS LIMITED
WONG Chun Hong
Chairman

Hong Kong, 24 March 2014

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Ms LI Yan Jie, Mr LEE Sai Kai David, Mr LAM Jim and Mr CHEN Feng Yang; and the independent non-executive Directors are Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo and Professor WU Si Zong.