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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHT

	Year ended 31 December	
	2013	2012
Turnover	**HK$610 million**	HK$1,802 million
Profit attributable to owners of the Company	**HK$1,340 million**	HK$3,330 million
Basic earnings per share	**HK$5**	HK$12
Dividend per share	**HK$0.2**	HK$0.2

	At 31 December 2013	At 31 December 2012
Total assets	**HK$20.8 billion**	HK$17.9 billion
Net assets	**HK$15.0 billion**	HK$13.8 billion
Total borrowings	**HK$3.9 billion**	HK$3.0 billion
Gearing ratio	**26%**	22%
Net asset value per share	**HK$53.5**	HK$49.1

RESULTS

The board of directors (the "Directors") of Soundwill Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 with comparative figures for the previous years as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000* (Re-presented)
Continuing operations			
Revenue/Turnover	*2*	**600,507**	1,723,891
Cost of sales		**(153,242)**	(808,838)
Gross profit		**447,265**	915,053
Other income	*2*	**27,346**	14,803
Selling expenses		**(54,223)**	(67,177)
Administrative expenses		**(219,631)**	(167,740)
Other operating expenses		**(17,270)**	(16,522)
Gain on disposal of subsidiaries		**–**	121,040
Net gain on fair value adjustments on investment properties		**1,276,502**	2,692,310
Gain on disposal of an investment property		**–**	3,311
Provision for amount due from a joint venture		**–**	(15,565)
Finance costs	*4*	**(51,335)**	(49,729)
Share of results of a joint venture		**(7)**	(3,118)
Profit before income tax expense	*5*	**1,408,647**	3,426,666
Income tax expense	*6*	**(48,836)**	(114,957)
Profit for the year from continuing operations		**1,359,811**	3,311,709
Discontinued operation			
(Loss)/Profit for the period/year from discontinued operation	*7*	**(21,633)**	9,547
Profit for the year		**1,338,178**	3,321,256

	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss:		
(Deficit)/Surplus on revaluation of leasehold building, net of deferred tax	**(40,858)**	7,458
Items that may be reclassified subsequently to profit or loss:		
Exchange gain on translation of financial statements of foreign operations	**12,766**	11,681
Release of exchange reserve upon disposal of subsidiaries	**(18,840)**	–
Other comprehensive income for the year, net of tax	**(46,932)**	19,139
Total comprehensive income for the year	**1,291,246**	3,340,395
Profit for the year attributable to:		
Owners of the Company		
Profit for the year from continuing operations	**1,353,118**	3,322,355
(Loss)/Profit for the period/year from discontinued operation	**(13,006)**	7,788
Profit for the year attributable to owners of the Company	**1,340,112**	3,330,143
Non-controlling interests		
Profit/(Loss) for the year from continuing operations	**6,693**	(10,646)
(Loss)/Profit for the period/year from discontinued operation	**(8,627)**	1,759
Loss for the year attributable to non-controlling interests	**(1,934)**	(8,887)

	Notes	**2013**	2012
		HK$'000	*HK$'000*
			(Re-presented)
Total comprehensive income attributable to:			
– Owners of the Company		**1,287,291**	3,349,116
– Non-controlling interests		**3,955**	(8,721)
		1,291,246	3,340,395
Earnings per share for profit from continuing and discontinued operations attributable to owners of the Company during the year	*8*		
Basic		**HK$4.77**	HK$11.98
Diluted		**HK$4.72**	HK$11.91
Earnings per share for profit from continuing operations attributable to owners of the Company during the year	*8*		
Basic		**HK$4.82**	HK$11.95
Diluted		**HK$4.77**	HK$11.88
(Loss)/Earnings per share for (loss)/profit from discontinued operation attributable to owners of the Company during the year	*8*		
Basic		**HK$(0.05)**	HK$0.03
Diluted		**HK$(0.05)**	HK$0.03

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**16,464,234**	13,275,215
Property, plant and equipment		**190,809**	169,312
Properties held for development		**46,497**	46,328
Interest in a joint venture		**29,158**	28,536
Available-for-sale financial assets		**10**	10
Intangible assets		**–**	5,963
Deferred tax assets		**12,993**	–
Goodwill		**–**	–
		16,743,701	13,525,364
Current assets			
Inventories		**–**	42,348
Properties under development		**3,252,963**	3,112,146
Trade and other receivables	*9*	**112,453**	190,660
Deposits paid for acquisition of properties		**456**	123,719
Bank deposit at escrow account		**298,236**	291,087
Structured bank deposits		**104,506**	–
Cash and cash equivalents		**310,629**	615,421
		4,079,243	4,375,381
Current liabilities			
Trade and other payables	*10*	**458,770**	460,875
Deposit received in advance	*11*	**1,277,891**	482,117
Borrowings	*12*	**3,955,820**	2,993,501
Provision for income tax		**30,651**	96,863
		5,723,132	4,033,356
Net current (liabilities)/assets		**(1,643,889)**	342,025
Total assets less current liabilities		**15,099,812**	13,867,389
Non-current liabilities			
Deferred tax liabilities		**62,820**	65,183
Net assets		**15,036,992**	13,802,206

	2013	2012
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Share capital	**28,082**	28,076
Reserves	**14,768,891**	13,518,477
	14,796,973	13,546,553
Non-controlling interests	**240,019**	255,653
Total equity	**15,036,992**	13,802,206

Notes:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

1.1 Adoption of revised/amended HKFRSs – effective 1 January 2013

In the current year, the Company and its subsidiaries (the "Group") have applied for the first time the following revision and amendment to standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). HKFRS 11 does not allow proportionate consolidation of a joint venture arrangement. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. The Group has changed its accounting policy for joint arrangements. The Group has reclassified the investment in a 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 results of the Group.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures will be provided in the Group's 2013 annual report. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements of the Group's investment properties and leasehold building which are measured at fair value and these will be provided in the Group's 2013 annual report. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

1.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKFRS 9	Financial Instruments – Classification of Financial Assets and Financial Liabilities
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. Among then HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HK(IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

Save as the main changes described above, the Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors are not yet in a position to quantity the effects on the Group's financial statements.

2. TURNOVER

Turnover of the Group is the revenue from its principal activities. An analysis of the Group's turnover and other income is as follows:

	Continuing operations		Discontinued operation		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)		(Re-presented)
Property assembly						
– Sales of properties held for sale	**–**	99,800	**–**	–	**–**	99,800
Property development						
– Sales of properties under development	**199,071**	1,310,536	**–**	–	**199,071**	1,310,536
Property leasing						
– Rental and signage rental income	**386,888**	295,856	**–**	–	**386,888**	295,856
Building management and other services						
– Property repairs and maintenance service income	**7,904**	10,999	**–**	–	**7,904**	10,999
– Building management service income	**6,644**	6,700	**–**	–	**6,644**	6,700
Urban infrastructure						
– Urban infrastructure construction works	**–**	–	**9,878**	78,077	**9,878**	78,077
	600,507	1,723,891	**9,878**	78,077	**610,385**	1,801,968
Bank interest income	**3,718**	6,191	**495**	355	**4,213**	6,546
Commission income	**655**	1,164	**–**	–	**655**	1,164
Write-back of provision for obsolete inventories	**–**	–	**–**	2,873	**–**	2,873
Reversal of provision for vacant land tax	**8,861**	–	**–**	–	**8,861**	–
Miscellaneous income	**14,112**	7,448	**943**	1,011	**15,055**	8,459
	27,346	14,803	**1,438**	4,239	**28,784**	19,042
Total revenue and other income	**627,853**	1,738,694	**11,316**	82,316	**639,169**	1,821,010

3. SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major business lines.

The Group has identified the following reportable segments:

Property assembly	:	Properties assembly and sales of properties
Property development	:	Development of residential and commercial properties
Property leasing	:	Property rental including signage rental and provision of office facilities and services
Building management and other services	:	Provision of building management, property repairs and maintenance services
Urban infrastructure	:	Urban infrastructure development

Each of these operating segments is managed separately as each of the business lines requires different resources as well as operating approaches.

The reporting segment results exclude the gain on disposal of subsidiaries, finance costs, share of results of a joint venture, provision for amount due from joint venture, net gain on fair value adjustments on investment properties, gain on disposal of investment properties, income taxes and unallocated income and expenses which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

The revenue of others segment represents the management fee income received from a fellow subsidiary.

Segment assets include property, plant and equipment, inventories, loans and receivables and operating cash and mainly exclude available-for-sale financial assets, interests in a joint venture and deferred tax assets which are not directly attributable to the business activities of any operating segment.

Segment liabilities comprise operating liabilities and exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. Corporate liabilities include provision for income tax, deferred tax liabilities and corporate borrowings.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Continued operations												Discontinued operation			
	Property assembly business		Property development		Property leasing		Building management and other services		Others		Total		Urban infrastructure		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover																
External customers	**–**	99,800	**199,071**	1,310,536	**386,888**	295,856	**14,548**	17,699	**–**	–	**600,507**	1,723,891	**9,878**	78,077	**610,385**	1,801,968
Inter-segments	**–**	–	**592,933**	405,808	**94,661**	29,434	**3,365**	4,163	**109,396**	39,162	**800,355**	478,567	**–**	–	**800,355**	478,567
Reportable segment turnover	**–**	99,800	**792,004**	1,716,344	**481,549**	325,290	**17,913**	21,862	**109,396**	39,162	**1,400,862**	2,202,458	**9,878**	78,077	**1,410,740**	2,280,535
Reportable segment profit/(loss)	**–**	53,176	**(89,371)**	403,566	**298,929**	244,989	**8,979**	10,673	**14,768**	2,852	**233,305**	715,256	**(52,362)**	12,375	**180,943**	727,631
Bank interest income	**–**	27	**2,875**	1,798	**50**	1,706	**1**	–	**792**	2,660	**3,718**	6,191	**495**	355	**4,213**	6,546
Write-back of provision for obsolete inventories	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	2,873	**–**	2,873
Provision for legal cost	**–**	–	**–**	(4,200)	**–**	–	**–**	–	**–**	–	**–**	(4,200)	**–**	–	**–**	(4,200)
Reversal of/(Provision for) vacant land tax	**–**	–	**8,861**	(8,861)	**–**	–	**–**	–	**–**	–	**8,861**	(8,861)	**–**	–	**8,861**	(8,861)
Depreciation	**–**	(83)	**(1,028)**	(860)	**(5,063)**	(3,170)	**(6)**	(5)	**(1,036)**	(850)	**(7,133)**	(4,968)	**(280)**	(316)	**(7,413)**	(5,284)
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(405)**	(480)	**(405)**	(480)
Amortisation of properties held for development	**–**	–	**(1,311)**	(1,019)	**–**	–	**–**	–	**–**	–	**(1,311)**	(1,019)	**–**	–	**(1,311)**	(1,019)
Provision for obsolete inventories	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(18,106)**	–	**(18,106)**	–
Provision for impairment loss of other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(91)**	–	**(91)**	–
Provision for impairment loss of trade receivables	**–**	–	**(16,788)**	–	**–**	–	**(40)**	–	**–**	–	**(16,828)**	–	**(21,677)**	(596)	**(38,505)**	(596)
Reportable segment assets	**–**	–	**3,849,861**	2,541,173	**16,662,036**	14,688,609	**10,854**	8,597	**258,032**	400,292	**20,780,783**	17,638,671	**–**	233,528	**20,780,783**	17,872,199
Additions to non–current segment assets during the year	**–**	–	**1,733**	1,492	**1,942,636**	722,920	**–**	12	**1,671**	966	**1,946,040**	725,390	**297**	657	**1,946,337**	726,047
Reportable segment liabilities	**–**	–	**(1,568,567)**	(738,422)	**(138,333)**	(109,309)	**(7,714)**	(14,401)	**(22,047)**	(21,939)	**(1,736,661)**	(884,071)	**–**	(58,921)	**(1,736,661)**	(942,992)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Reportable segment turnover – continuing operations	**1,400,862**	2,202,458
Reportable segment turnover – discontinued operation	**9,878**	78,077
Elimination of intersegment turnover	**(800,355)**	(478,567)
Turnover	**610,385**	1,801,968
Reportable segment profits – continuing operations	**233,305**	715,256
Reportable segment (losses)/profits – discontinued operation	**(52,362)**	12,375
Net gain on fair value adjustments on investment properties	**1,276,502**	2,692,310
Gain on disposal of an investment property	**–**	3,311
Unallocated income and expenses	**(49,818)**	(36,839)
Gain on disposal of subsidiaries	**–**	121,040
Finance costs	**(51,335)**	(49,729)
Provision for amount due from a joint venture	**–**	(15,565)
Share of results of a joint venture	**(7)**	(3,118)
Profit before income tax	**1,356,285**	3,439,041
Reportable segment assets – continuing operations	**20,780,783**	17,638,671
Reportable segment assets – discontinued operation	**–**	233,528
Interest in a joint venture	**29,158**	28,536
Available-for-sale financial assets	**10**	10
Deferred tax assets	**12,993**	–
Group assets	**20,822,944**	17,900,745
Reportable segment liabilities – continuing operations	**1,736,661**	884,071
Reportable segment liabilities – discontinued operation	**–**	58,921
Borrowings	**3,955,820**	2,993,501
Provision for income tax	**30,651**	96,863
Deferred tax liabilities	**62,820**	65,183
Group liabilities	**5,785,952**	4,098,539

The Group's turnover from external customers and its non-current assets (other than available-for-sale financial assets) are divided into the following geographical areas:

	Turnover from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)
Principal markets				
Continuing operations				
– Hong Kong (domicile)	**401,436**	1,625,488	**16,697,791**	13,499,085
– PRC	**199,071**	98,403	**45,900**	19,017
	600,507	1,723,891	**16,743,691**	13,518,102
Discontinued operation				
– PRC	**9,878**	78,077	**–**	7,252
	610,385	1,801,968	**16,743,691**	13,525,354

The geographical location of customers is based on the location at which the goods/services were delivered/rendered. The geographical location of non-current assets is based on the physical location of the assets.

For the year ended 31 December 2013, there were 2 customers from the Group's property leasing segment, each of whom contributed 10% or more of the Group's revenue. Revenue derived from these two customers during the year amounted to approximately HK$94,600,000 and HK$84,700,000 individually. For the year ended 31 December 2012, the Group did not depend on any single customer under each of the segment.

4. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest charges on:		
Bank loans		
– wholly repayable within five years	**66,400**	54,466
– not wholly repayable within five years	**8,080**	8,738
Other borrowings – wholly repayable within five years	**–**	2,795
Total borrowing costs	**74,480**	65,999
Less: Interest capitalised in investment properties and properties under development	**(23,145)**	(16,270)
	51,335	49,729

The analysis shows the finance costs of bank loans, including term loans which contain a repayment on demand clause, in accordance with agreed scheduled repayment dates set out in the loan agreements. For the years ended 31 December 2013 and 2012, the interest on bank loans which contain a repayment on demand clause amounted to HK$73,938,000 and HK$62,482,000 respectively.

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	Continuing operations		Discontinued operation	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Re-presented)
Amortisation of intangible assets*	**–**	–	**405**	480
Amortisation of properties held for development	**1,311**	1,019	**–**	–
Auditor's remuneration	**3,228**	3,354	**113**	142
Bad debts written off*	**92**	193	**–**	–
Cost of inventories recognised as expenses	**–**	–	**6,765**	50,177
Cost of properties held for sale/ properties under development recognised as expenses	**193,324**	779,231	**–**	–
Deposit for property acquisition written off*	**–**	1,135	**–**	–
Depreciation of property, plant and equipment	**7,133**	4,968	**280**	316
Employee benefit expenses (including directors' remuneration and defined contribution cost)				
– share option expenses	**19,079**	8,304	**–**	–
– other employee benefit expenses	**142,640**	83,956	**9,128**	8,962
	161,719	92,260	**9,128**	8,962
Loss on disposal of property, plant and equipment*	**16**	–	**–**	3
Operating lease charges in respect of office premises	**3,534**	2,902	**796**	1,094
Provision for impairment loss of trade receivables*	**16,828**	–	**21,677**	596
Provision of impairment of other receivables*	**–**	–	**91**	–
Provision for obsolete inventories*	**–**	–	**18,106**	–
Property, plant and equipment written off	**341**	364	**–**	–
Provision for legal cost*	**–**	4,200	**–**	–
Provision for vacant land tax*	**–**	8,861	**–**	–
Reversal of provision for vacant land tax	**(8,861)**	–	**–**	–
Provision for impairment of intangible assets*	**–**	–	**1,301**	–
Gross rental income from investment properties	**(373,840)**	(281,386)	**–**	–
Less: Outgoings	**8,066**	16,039	**–**	–
	(365,774)	(265,347)	**–**	–

* included in other operating expenses

6. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)		(Re-presented)
Hong Kong profits tax						
Tax for the year *(note (a))*	**37,050**	110,226	**–**	–	**37,050**	110,226
Under-provision in prior years	**2,038**	270	**–**	–	**2,038**	270
	39,088	110,496	**–**	–	**39,088**	110,496
PRC income tax						
– Tax for the year *(note (b))*	**17,280**	–	**537**	2,828	**17,817**	2,828
Deferred tax (credit)/charge	**(7,532)**	4,461	**–**	–	**(7,532)**	4,461
	48,836	114,957	**537**	2,828	**49,373**	117,785

Notes:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

(b) For the year ended 31 December 2013, all of the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") rate of 25%. For the year ended 31 December 2012, the Group's certain PRC subsidiaries from discontinued operation are exempted from EIT for the first two profitable years of operations, and thereafter, are eligible for a 50% relief from EIT for the following three years. Remaining PRC subsidiaries are subject to EIT rate of 25%.

7. DISCONTINUED OPERATION

On 15 October 2013, Rightful Task Limited (the "Vendor"), a subsidiary of the Company, Ko Bee Limited (the "Guarantor") and Rally Elite Limited (the "Purchaser"), which was ultimately controlled by Ms. Foo Kam Chu, Grace, the Chairman of the Company, entered into a sale and purchase agreement (the "Agreement"). Pursuant to the Agreement, Rightful Task agrees to sell and Rally Elite agrees to acquire the entire issued share capital of Oriental Classic Group Limited ("Oriental Classic") at the aggregate consideration of HK$122,768,000 (the "Disposal"). Oriental Classic and its subsidiaries (the "Disposal Group") engaged in urban infrastructure development business in the People's Republic of China. The consideration is satisfied by (i) cash of HK$60,600,000; and (ii) the balance of the consideration of HK$62,168,000 shall be payable by the Purchaser within a period of three years after completion of the Disposal up to the amounts of the trade receivables actually collected and received by the Disposal Group. The Disposal was completed on 22 October 2013. Details of the Disposal were set out in the Company's announcement dated 15 October 2013.

As the Disposal Group represented a separate component of the Group's business, the operations and cash flows of which could be clearly distinguished from the rest of the Group and which represented a separate major line of business, the Group presented in its financial statements the operations of the Disposal Group as discontinued operation in accordance with HKFRS 5. The results and cash flows included in the consolidated financial statements are as follows:

	Period from 1 January 2013 to 22 October 2013	Year ended 31 December 2012
	HK$'000	*HK$'000*
		(Re-presented)
Revenue/Turnover	**9,878**	78,077
Cost of sales	**(6,765)**	(50,177)
Other income	**1,438**	4,239
Other operating expenses	**(1,798)**	(482)
Administrative expenses	**(15,332)**	(18,686)
Provision for obsolete inventories	**(18,106)**	–
Provision for impairment of trade receivables	**(21,677)**	(596)
(Loss)/Profit before income tax	**(52,362)**	12,375
Income tax expense	**(537)**	(2,828)
(Loss)/Profit for the period/year from discontinued operation	**(52,899)**	9,547
Gain on disposal of subsidiaries	**31,266**	–
	(21,633)	9,547
Net cash generated from operating activities	**25,651**	33,703
Net cash generated from/(used in) investing activities	**198**	(302)
Net cash inflows	**25,849**	33,401

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share for profit from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**1,340,112**	3,330,143
Number of shares	**2013**	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**280,812,464**	278,020,965
Effect of dilutive potential ordinary shares in respect of employee share options	**3,013,192**	1,587,664
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**283,825,656**	279,608,629

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Profit for the year attributable to owners of the Company	**1,340,112**	3,330,143
Less: Loss/(Profit) for the period/year from discontinued operation	**13,006**	(7,788)
Profit for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share from continuing operations computation	**1,353,118**	3,322,355

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

From discontinued operations

The basic and diluted (loss)/profit per share from discontinued operation attributable to the owners of the Company is calculated based on the following data:

	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
(Loss)/Profit for the period/year from discontinued operation	**(21,633)**	9,547
Less: Loss/(Profit) for the period/year from discontinued operation attributable to non-controlling interests	**8,627**	(1,759)
(Loss)/Profit for the period/year attributable to the owners of the Company for the purpose of basic and diluted (loss)/earnings per share from discontinued operation computation	**(13,006)**	7,788

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

9. TRADE AND OTHER RECEIVEABLES

As at the reporting date, trade receivables included in trade and other receivables were approximately HK$7,457,000 (2012: approximately HK$117,182,000). The credit terms of the Group ranging from 30 to 90 days. Based on the invoices dates, the aging analysis of trade receivables was set out below:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**4,309**	102,910
31 – 90 days	**1,800**	3,895
91 – 180 days	**185**	2,156
Over 180 days	**1,163**	8,221
Total trade receivables	**7,457**	117,182
Other receivables	**104,996**	73,478
	112,453	190,660

10. TRADE AND OTHER PAYABLES

As at the reporting date, trade payables included in trade and other payables were approximately HK$10,669,000 (2012: approximately HK$97,165,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. Based on the invoices dates, the aging analysis of trade payables was set out below:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**6,048**	44,315
31 – 90 days	**886**	15,897
Over 90 days	**3,735**	36,953
Total trade payables	**10,669**	97,165
Other payables	**448,101**	363,710
	458,770	460,875

11. DEPOSIT RECEIVED IN ADVANCE

	2013	2012
	HK$'000	*HK$'000*
Deposit received associated with pre-sale of properties under development situated at:		
– Hong Kong	**1,243,003**	406,458
– PRC	**34,888**	75,659
	1,277,891	482,117

12. BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank loans – secured	**3,955,820**	2,993,501
Carrying amount repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	**1,621,898**	1,237,430
More than one year, but not exceeding two years	**291,550**	198,349
More than two years, but not exceeding five years	**1,825,672**	1,274,222
More than five years	**216,700**	283,500
	3,955,820	2,993,501
Carrying amount of bank loans due for repayment after one year which contain a repayment on demand clause (shown under current liabilities)	**2,333,922**	1,756,071

Bank loans are secured by certain investment properties, property, plant and equipment and properties under development of the Group.

OPERATIONS REVIEW AND PROSPECTS

Overview

In 2013, the U.S. economy showed gradual improvement and signs of stability emerged across major economies in the Eurozone area. However, the operating environment remained difficult as uncertainties persisted in the global marketplace. While the U.S. government has begun tapering asset purchases, the global impact of this policy has been less significant than previously predicted given that the low interest rate environment is likely to continue.

When the “Residential Properties (First-hand Sales) Ordinance” came into full effect in April 2013, most of the new launches of local property projects were postponed. The sales of the remaining units of existing projects were also affected, leading to a further drop in the trading volume of first-hand residential properties. Subsequent to the digestion and adjustment by the market, the trading volume of first-hand residential properties has picked up after a few months of the implementation of new rules. In addition, factors including the steady economic growth in Hong Kong, improved income prospects and increased population continued to sustain the home-buying demands from local individuals.

Despite the restrictions of the policy, the fundamental demand for Hong Kong residential properties, in particular small to medium-sized units, has remained robust. To capitalise on the tremendous development and appreciation potential of property projects in prime location, the Group in September 2013 successfully completed the unification of ownership of 12–24 Lun Fat Street, Wan Chai, and continued to employ a selective approach on expanding its land bank to enhance profitability. In addition, the Group’s spotlight residential development, Park Haven, generated spectacular sales proceeds of approximately HK$2.46 billion since the project was launched for pre-sale in April 2012. The project is expected to be completed in the first quarter of 2014 and is to become one of the profit contributors of the Group in 2014.

Increased tourist numbers to Hong Kong continued to drive the growth of Hong Kong’s retail industry. Soundwill Plaza, our flagship property located in Russell Street, Causway Bay, has been highly-pursued and well-received by local consumers and tourists. This is testimony to the Group’s encouraging leasing performance, with a constantly high occupancy rate and continuous increase in rental prices during the year. As a result, the Group’s rental income has hit an all-time high.

The commencement of operation of Soundwill Plaza II – Midtown located in 1–29 Tang Lung Street, Causeway Bay during the first half of 2014 will significantly enhance the rental income growth. Together with our ongoing asset enhancement programmes, we are well-positioned for further growth in the longer term with a better balanced portfolio, as well as a broader and more diverse tenant mix.

The Group will continue to keep abreast of the development of the property market, implement appropriate strategies, and grasp new investment opportunities to overcome all challenges in the future.

Land Bank

The Group maintains its land bank mainly by acquisition of redevelopment projects in urban areas. To secure a steady land supply in urban areas for the future development, the Group continued to acquire old buildings in various districts of Hong Kong Island during the year whilst capturing the opportunities brought about by Hong Kong's economic development. The Group also strengthened investment in projects with appreciation potential and enriched its existing land portfolio.

The strategy adopted by the Group in respect of acquisition of old buildings in urban areas for redevelopment purpose not only intended to align with the policies of the government, but also to achieve a balance between the sustainable development of the community and the preservation of the environment. The newly imposed Buyer's Stamp Duty (BSD) policy enacted by the government to cool speculation in the property market has inevitably affected the Group's property assembly and old building acquisition business. Nevertheless, the Group will continue to source quality land sites for acquisition in the long run to maintain a consistent acquisition and development strategy.

The Group will continue to employ a selective approach on expanding its land bank, and reserve quality projects for its own development purposes. As at 31 December 2013, the Group had a total of six projects. Based on the government's current town planning, it is estimated that an attributable gross floor area of approximately 356,500 square feet will be provided as detailed below:

18–21 School Street, Tai Hang

The unification of ownership of 18–21 School Street, Tai Hang was completed in September 2011. The project site area is approximately 2,250 square feet and is categorised as a Class C site, which can be redeveloped into an integrated residential and commercial complex, with a gross floor area of approximately 23,200 square feet. On the other hand, the site can also be redeveloped into a residential (Residential Category A) property, with stunning sea views and street-level commercial shops.

14-18 Mosque Street, Mid-levels West

The unification of ownership of 14-18 Mosque Street, Mid-levels West was completed in April 2012. The project site area is approximately 5,860 square feet and foundation works are currently underway. The site can also be development into a residential (Residential Category A) property, with a gross floor area of approximately 49,000 square feet. Located next to the Central to Mid-levels Escalator, the project is just a few minutes' walk from the financial and commercial hub of Central. The project is therefore located in a district which is a popular residential choice for business elites and expatriates with keen demand for new and quality properties. Such demand highlights the area's rental and investment prospects. Moreover, new boutique luxury residential properties in the area have been warmly received by investors, indicating the market's substantial demand for brand new quality properties.

57 Kin Wah Street and 66 Fort Street, North Point

The unification of ownership of 57 Kin Wah Street and 66 Fort Street, North Point was completed in November 2011. The two sites cover an area of approximately 3,240 square feet. 66 Fort Street was previously a 6-storey residential property, whereas 57 Kin Wah Street was a 7-storey residential property (including a two-storey basement). 57 Kin Wah Street has been demolished. The combined site can be redeveloped into a residential (Residential Category A) property with a gross floor area of approximately 30,100 square feet. The future development of a number of large-scale projects in North Point will make a positive impact on property prices and property development in the district.

1-11 Lai Yin Street and 2-12 Jones Street, Tai Hang

A joint development agreement between the Group and Henderson was signed on 31 August 2012, in relation to the acquisition of 1-11 Lai Yin Street and 2-12 Jones Street, Tai Hang. The inaugural agreement represents the first collaborative redevelopment project between the two companies. The project site area is approximately 6,530 square feet, with a gross floor area of approximately 65,200 square feet. It is classified as a residential (Residential Category A) property. Foundation works are currently underway.

301-305 Castle Peak Road, Kwai Chung

301-305 Castle Peak Road, Kwai Chung was acquired in November 2012. It has site area of approximately 13,300 square feet, with a gross floor area of approximately 126,000 square feet. The project is blessed with prime geographical location positioned within the transportation hub of Kowloon West and adjacent to Kwai Hing MTR Station. It is also in close proximity to the airport, Container Terminal, as well as Lo Wu and Lok Ma Chau. Amidst the city's growing financial service industry, numerous multinational corporations are setting up regional headquarters and offices in Hong Kong. However, the supply of offices in the traditional core business districts in Hong Kong is inadequate to cope with the demand for high-quality offices from these companies. Seizing the market opportunity, the Group intends to redevelop the site to its utmost potential, so as to maximise investment returns. The Group expects the government will introduce further measures to facilitate the development of industrial buildings and enhance their flexibility in developing. Therefore, the Group foresees that there will be room for further development regarding industrial buildings.

12-24 Lun Fat Street, Wan Chai

On 9 September 2013, the Group further expanded its land bank with the acquisition of 100% ownership of 12-24 Lun Fat Street, Wan Chai. The site covers a site area of approximately 7,100 square feet. It is currently an 8-storey building, comprising of 51 residential units and 7 street-level retail shops. The site can be redeveloped into a residential and commercial project with a gross floor area of approximately 63,000 square feet. Located in the prime commercial area of Wan Chai, the project is adjacent to the MTR station and the financial and commercial hub of Admiralty. The site is therefore located in a district that is a popular residential choice for business elites and expatriates with keen demand for new and quality properties. Such demand also highlights the area's rental and investment prospects. Moreover, new boutique luxury residential properties have been warmly received by investors, indicating the market's substantial demand for brand new quality properties. The Group is currently rigorously planning and conducting research on the project, with a vision to create an iconic development that will improve and optimise the surrounding environment.

Property Leasing

In 2013, the turnover from this business segment was approximately HK$386,888,000, accounting for 63% of the Group's turnover for the year.

Soundwill Plaza

The Group's flagship rental property, Soundwill Plaza, has a gross floor area of approximately 245,100 square feet; including a retail store area of approximately 18,300 square feet and a commercial area of approximately 226,800 square feet. Driven by robust consumer spending and surging tourist spending, the market has a keen demand for prime retail properties locally. The occupancy rate of Soundwill Plaza maintained at a high level and generated a rental income of approximately HK$324,003,000. In 2013, around 37% of the leases were due. The rental renewal rate was satisfactory with sustained increase in rental prices. To maintain the competitiveness of commercial buildings, the Group has been fully aware that continuous improvement is of prime importance. While cautiously devising plans to enhance the quality of retail properties, the Group has been committed to optimising merchant portfolio and strengthening publicity to attract more customers.

Soundwill Plaza II – Midtown

Soundwill Plaza II – Midtown has a leasing area of approximately 218,000 square feet. Located in 1–29 Tang Lung Street, Causeway Bay, it is adjacent to the famous shopping boulevard of Russell Street (reported as the world's most expensive street), with stunning views of Victoria Harbour and Causeway Bay's bustling metropolitan landscape. By attracting classy eateries with its prime location and top-class positioning, the project will fully capitalise on the opportunities brought about by the growing consumer market in the district.

The commencement of operation of Soundwill Plaza II – Midtown has laid a solid foundation for the investment properties of the Group and further boosted the recurring income. Meanwhile, it signifies an important milestone in the expansion of the Group's local leasing portfolio for the purpose of ensuring steady returns for our shareholders under the ever-changing market.

10 Knutsford Terrace

With a maximum leasing area of approximately 114,000 square feet, 10 Knutsford Terrace, Tsim Sha Tsui is located in the core tourist and business district of Tsim Sha Tsui, and is just a stone's throw away from the nearest MTR Station. The property is currently a 23-storey commercial complex. While being fully aware that continuous improvement is of prime importance, the Group cautiously devises plans to enhance the quality of the property, reviews its tenants and optimises the existing portfolio to enhance the value and rental prices, thereby strengthening the Group's rental income source in the long-run.

RESIDENTIAL PROJECTS

Property Development

To capture the opportunities in the small and medium-sized property market in Hong Kong, the Group selected portions of its land bank to be developed as boutique residences, thereby successfully transformed into one of the leading property developers in Hong Kong with prestigious brand. In future, the Group will continue to identify quality land reserves to prudently grow its property development business and to timely launch new projects for sales as planned, so as to cope with the resilient home-buying demands from local individuals.

During the year, multiple rounds of restrictive measures were put forward by the government to regulate and cool the property market. These measures have inevitably brought forth a number of challenges to our business operations, and slowed down the pace of our property sales. Nevertheless, the demand for small to medium-sized residential units from local users remained robust, and property prices aligned with low mortgage rates and reasonable mortgage-to-income ratios. Therefore property prices maintained at a stable level. The Group will adjust its sales strategy in a flexible manner. With our well-established brand name, we are confident in achieving a sustainable and sound performance.

Park Haven

The Group's spotlight residential development Park Haven is located at 38 Haven Street, a deluxe area of Lee Garden, Causeway Bay, and is in the vicinity of Causeway Bay MTR Station and bustling shopping areas. The project provides 190 residential units. The area of standard units ranges from approximately 510 to 1,154 square feet and the number of bedrooms varies from 1 to 3. Four specialty units of distinguishing features are also available to cater for the needs of different buyers. The project is expected to be completed by the first quarter of 2014. As of today, 179 residential units were pre-sold, generating spectacular sales proceeds of approximately HK$2.46 billion. The encouraging performance was in line with our sales target.

WarrenWoods

The Group's landmark luxurious property development, WarrenWoods is situated at 23 Warren Street, Tai Hang and comprises 163 residential units of multi-dimensional designs. The handover of the project was completed in late 2012. WarrenWoods is regarded by many buyers as a preferred choice for home purchase and property investment purposes in terms of quality, environment and future appreciation potential.

Commercial Projects

The Sharp

Located at 11-13 Sharp Street East and 1-1A Yiu Wa Street in Causeway Bay, the project site area is approximately 3,200 square feet, with a planned gross floor area of approximately 48,200 square feet. The site is expected to be developed into a complex retail project. Located directly across from Times Square, the development is bound to become a preferred location for international brands to setup their flagship stores. With a prime location within the "Golden Triangle" retail area of Causeway Bay, all 29 floors available for sale under the project were sold out within a single day on 3 January 2013, with the highest selling price achieving a remarkable HK$48,100 per square foot (calculation is based on total gross floor area). To capitalise on the tremendous appreciation potential of street-level shops in Causeway Bay, the Group has decided to retain the commercial shops from G/F to 2/F for rental purposes. The rental area is expected to be 4,500 square feet and the rental rates will be determined with reference to the top-grade street-level commercial shops in Causeway Bay area. The project is expected to be completed in the third quarter of 2015.

Property Management, E&M and Building Maintenance

In 2013, the turnover from this business segment was approximately HK$14,548,000, accounting for 2% of the Group's turnover for the year.

The Group's property management and maintenance subsidiaries are engaged in the provision of management and maintenance services for the properties and facilities of large-scale commercial buildings, as well as small to medium-sized estates. These subsidiaries are highly experienced in the provision of quality services to owners and tenants. The property management team is committed in promoting energy conservation and carbon reduction through the use of energy-saving measures, the management of indoor environmental quality as well as the reduction of wastes.

The Concierge French-style Hotel Management Services

During the year, the Group pioneered and introduced "The Concierge French-style Hotel Management Services" to the property management of Park Haven, the luxury residential project launched for pre-sale this year. The service provides a wide range of French-style management value-adding services, including concierge services, dining and catering services, household maintenance services, laundry and dry cleaning arrangement services as well as home and car cleaning referral services. Through the provision of caring and comprehensive personal services, we aim to create an environment for tenants to enjoy a high quality lifestyle.

Customer Services

The Group's quality services are extended to the offer of a comprehensive range of after-sales services subsequent to the delivery of units to owners. The Group assures new homeowners of delivery services of fine quality by setting up a professional team which is dedicated to the detailed examinations of each of the newly completed units. The newly occupied properties are entitled to the warranty of repair and maintenance services for an initial period of two years. This warranty will help boost the confidence of homeowners.

To ensure that each newly completed unit is in perfect condition, thorough quality inspection is conducted to ensure the highest standard of quality upon delivery to the owners. The handover team will also provide comprehensive and attentive services during the handover period to ensure smooth procedure. The handover team not only ensures the quality of newly completed units, but also collects feedbacks from the owners. The Group's property management subsidiaries are committed in providing high-quality customer services and further enhancing service levels through continuous innovation.

Soundwill Club

Established by the Group in 2013, Soundwill Club provides buyers and investors, as well as visitors to the Group's properties, with a platform for the exchange of all kinds of living intelligence. Soundwill Club covers a variety of high-quality living intelligence promoted by Soundwill Group, and enhances the interaction of art and taste with members. Soundwill Club also provides customers with superb services and activities, which are further elaborations of Soundwill Group's unwavering commitment to excellence and eminence.

Business in Mainland China

In 2013, the turnover from this business segment was approximately HK$208,949,000, accounting for 35% of the Group's turnover for the year.

Urban Infrastructure Development

During the year, the Group sold its Mainland underground pipelines business to Ms. Foo Kam Chu Grace, the controlling shareholder and chairman of the Group, for a consideration of HK$122 million in order to concentrate resources on expanding its principal activities.

Real Estate Development

The Group's unswerving effort in developing quality residential projects in the Mainland over the years is paying off, as shown by our remarkable track record. The Group is currently developing a number of real estate projects across various cities of Guangdong Province and Fujian Province in the PRC. Despite the softening economic growth in the PRC, the government's dedicated efforts in stimulating domestic consumption will fuel a continued growth in the domestic economy, which will be favourable to the long-term development of the real estate market in the PRC.

Nearly 92% of the units of Long Feng Chun Xiao (龍鳳春曉), a residential project located in Doumen, Zhuhai and developed in cooperation with the joint venture partners, have been sold. This project also generated turnover of approximately HK$60,908,000 (2012: HK$98,403,000) for the year. The first phase of The Lakeview Bay (尚薈海岸(景湖灣)) (a villa and high-rise complex project wholly-owned by the Group and located in Gaoyao District, Zhaoqing City) has been completed after a brand new renovation process, and 140 twin-house villas. As of today, over 30% of the project have been sold. The second phase high-rise residential units are also expected to be rolled out into the market by mid 2014.

譽名都(譽名都(山水向日)), another project located in Doumen District, Zhuhai City, is under construction, and is expected to be available for pre-sale in mid 2014. 臻薈(臻薈(怡景園)), a residential project located in Jiangmen, Kaiping, is expected to commence construction and will be available for pre-sale in 2014. The proceeds from the above projects will be accounted successively, contributing to the Group's profits in the forthcoming years.

Corporate Citizen

The Group remains firmly to pursue excellence in all its business operations and social responsibilities, which it believes an integral and guiding element of its corporate culture. The stream of international accolades received by the Group in 2013 is a testament to the efforts made by the Group not only as an excellent corporate citizen but also an outstanding industry leader. The whole team continues to be honoured, energised and encouraged by these awards, which were made by a broad spectrum of professional and media bodies.

Ranked in Forbes Asia's "200 Best Under A Billion"

The Group has been ranked in Forbes Asia's recently released "200 Best Under A Billion". The accolade is a testament to the market's confidence in the development strategy of the Group. The Forbes Asia's "200 Best Under A Billion" ranking is drawn from 15,000 small and medium enterprises in Asia Pacific, with thorough assessment conducted on each company's three-year sales, revenue and related financial figures.

BCI Asia Awards 2013 – Top 10 Developers Award (Hong Kong)

The Group was honoured to receive a "Top 10 Developers Award (Hong Kong)" in the "BCI Asia Awards 2013" held in June. BCI Group is the region's leading construction media group, providing the latest information about the building and construction industry. The "BCI Asia Awards" are held in seven different Asian territories including Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. In each country, BCI selects winners for the "Top 10 Developers Awards" and "Top 10 Architects Awards" by conducting more than a quarter of a million interviews with architects, developers, consultants and contractors working on significant projects in the Asia Pacific.

The 27th International ARC Awards – Annual Report Honors Award

The Group' 2012 Annual Report received an Honors Award in the category of "Real Estate Development/Service: Commercial/Industrial" in the 27th International ARC awards. ARC Awards is globally recognised international annual report competition. This year, there were 2,260 entries from 34 countries taking part in this competition.

The Group believes that a better and more harmonious community can be created at different facets. Apart from positively participating in charity fund-raising activities and encouraging our staff to take part in different charity activities, we are also committed to improving the environment of old communities. In addition to the enhancement of building designs, construction materials and property management quality, the Group also takes into account the positive effects and benefit of the development on the community. The Group is also devoted to implementing improvement works to enhance the community environment. These efforts have improved the living environment, which is in turn beneficial to the living standards of the residents within the community.

During Christmas and special occasions every year, the shopping malls of the Group are filled with festive air. The Group not only invites famous designers to set up unique decorations for buildings, but also organises a variety of art exhibitions to share the joy of festivals with the public.

In April 2013, Soundwill Group organised the "Happy Easter Happy Growth – SOUNDWILL × Chocolate Rain" Exhibition with participation of Miss Prudence Mak, the founder and designer of Chocolate Rain, a well-renowned original brand in Hong Kong. With this event, we played an active role in promoting local art and supporting its development. The event offered visitors a chance to revisit the history and transformation of Hong Kong with Fatina, the central character of Chocolate Rain.

Moreover, Soundwill Plaza invited local artists to tailor a vivid, large-scale Christmas decoration using dazzling sequins and colourful ornaments, with an aim to present to the public a form of visual arts in a three-dimensional fashion. Situated at the entrance of the building, the 11-foot tall Christmas tree made of layers of dazzling sequins together with the movable ceiling decorations created a unique world of Christmas for every one.

Soundwill Volunteer Team

To play an active role in the community, in 2011, the Group established Soundwill Volunteer Team, a social cause to encourage its employees and their families to give helping hands to those people who are in need. The Group regularly sponsors and participates in the Little Sprouts Storytelling Activity of the "Story Family Fun" Neighbourhood Development Plan, hosted by the Hong Kong Outlying Islands Women's Association, to share stories with children living in Tung Chung District. Soundwill Volunteer Team teaches positive attitudes among school children and spread the spirits of love and care through story-telling.

Caring Company

The concerted efforts of the Group's management and employees in making positive contribution to the community were commended by three social welfare organisations. The Group was honoured as a Caring Company by The Hong Kong Council of Social Service. The Group, in conjunction with its member companies and property projects, received a number of commendations, in recognition of our dedication and efforts to fulfill social responsibilities and assume social corporate responsibilities over the years.

The Group is committed to making positive contribution to the community. During the year, the Group sponsored the Concert of Tung Chung Youth Marching Band 2013 (東涌青少年步操樂團演奏會2013) held by Hong Kong Outlying Islands Women's Association. It provided the youth with marching band training and performance opportunities, thereby proactively supported cultural exchanges in society. Furthermore, the Group sponsored the HSBC team in taking part in Sedan Chair Race 2013 organised by Sedan Chair Charities Fund. The fund raised goes to support charitable organisations that generally do not receive assistance from the Hong Kong Community Chest, Hong Kong Jockey Club or the government.

The Group also cares about the needs of impoverished pupils and people living in the mountainous area in the Mainland. During the year, the Group made a donation to The Caring Hearts Photographic Society to support the cause to give warmth and love to remote regions through charitable photography, with an aim to alleviate the needs of people in the mountainous area. In addition, the Group made a donation to Fu Hui Education Foundation during the year. The donation goes to support the scholarship and daily expenses of pupils in Sichuan and provides opportunities for impoverished mountain pupils to receive education.

Also, recognising the very essence of environmental conservation in office spaces, the Group has been using environmentally-friendly and energy-saving lighting systems in its commercial buildings, and has also been launching paper reuse, paper recycle and sorting campaigns, in order to provide our staff with a working environment where energy can be saved at our all-out efforts.

Results of Operations

During the year, the Group's turnover recorded of approximately HK$610,385,000 (2012: HK$1,801,968,000), representing a decrease as compared with last year. The decrease in turnover was mainly due to the decrease in income recorded from the property development projects in Hong Kong.

Selling expenses mainly represents the sales commission paid for another luxury residential development "Park Haven" and commercial project "The Sharp" which are located in Causeway Bay during the year. Increase in administrative expenses were mainly due to the expansion of various team such as marketing team, construction team and project development team in order to cope with the expansion of the Group. Increase in finance cost was mainly due to increase in borrowings to finance our project development.

Furthermore, the increase in fair value of investment properties was mainly due to the revaluation gain of the Group's core investment property, Soundwill Plaza, located at Causeway Bay, Hong Kong.

Profit Attributable to Owners of the Company

During the year, the Group has achieved a profit attributable to owners of the Company of approximately HK$1,340,112,000 (2012: HK$3,330,143,000), a decrease of 59.8% as compared with last year. This decrease was mainly due to the decrease in income recorded from the property development projects and decrease in the net gain on fair value adjustments on investment properties during the year.

Net Assets

The net assets of the Group as at 31 December 2013 amounted to HK$15,036,992,000 (2012: HK$13,802,206,000). Net asset value per share as at 31 December 2013 is HK$53.5 (2012: HK$49.1).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, the Group's cash and cash equivalents amounted to HK$310,629,000 (2012: HK$615,421,000). Total borrowings of the Group amounted to HK$3,995,820,000 (2012: HK$2,993,501,000) as at 31 December 2013.

During the year, the Group has received proceeds of approximately HK$915,822,000 from the buyers of the Group's recent brand new luxury residential project, Park Haven, in Causeway Bay, Hong Kong.

During the year, the Group has received proceeds of approximately HK$327,181,000 from the buyers of the Group's recent brand new commercial project, The Sharp, in Causeway Bay, Hong Kong.

As at 31 December 2013, the Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 26% (2012: 22%). As at 31 December 2013, the net assets of the Group amounted to HK$15,036,992,000 (2012: HK$13,802,206,000).

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong Dollar and Renminbi in relation to its PRC operations. Given that the sustained appreciation of Renminbi would have a positive impact on the Group's assets in the PRC and turnover generated from the PRC, the Group had not implemented any hedging measures during the year.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

Acquisition and development of properties are financed partly by internal resources and partly by bank borrowings. Repayment of bank loans are scheduled to match asset lives and project completion dates. Borrowings are mainly denominated in Hong Kong Dollars and bear interest at floating rates.

REVIEW BY AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2013 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF BDO LIMITED

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

PLEDGE OF ASSETS

As at 31 December 2013, certain investment properties, property, plant and equipment and properties under development of the Group with a total carrying value of approximately HK$16,503,877,000 (2012: HK$13,474,444,000) were pledged to secure banking facilities for the Group.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTORS RELATIONSHIP

The Group believes that effective communication with shareholders is a crucial key of improving investor relations and will ultimately assist the investment community in understanding the Company business performance and strategies. The Group actively strengthens the relationship with global stakeholders through frequent involvement in large-scale investors meetings and briefings, and regular communication with investors and analysts. The Group hence strives to promote continuous dialogues with our shareholders and investors via different communication channels, including interviews, telephone conferences, overseas non-deal road shows and project site visits. The Group proactively stays in touch with the press through press releases, announcements and other promotional materials, as well as briefings for its results announcements. The Group is also committed to enhancing corporate transparency and provides timely disclosure of information on the Group's developments to help shareholders and investors make investment decisions.

The Group is devoted to enhancing corporate governance practice on business growth and strives to attain a balance between corporate governance requirements and performance. The Board of Directors believes that sound corporate governance is essential to the success of the Company and will enhance shareholders' value.

CORPORATE GOVERNANCE

The Group strives to deliver the highest standard of corporate governance. Coupled with the strong support of an excellent management team, we have established a highly effective Board of Directors to actively participate in investor relations activities.

The Group is committed to the practice of sound corporate governance. Efforts are made to maintain interactive communication with stakeholders including investors, analysts and credit rating agencies and the media. We provide and disclose information relating to the Group's corporate strategy and latest business development. In order to ensure the highest level of corporate transparency, the Company will distribute relevant corporate information to shareholders and other stakeholders in a timely manner. In addition, the Group will further strengthen its connection with global investors through frequent involvement in large-scale investors meetings and briefings.

PROSPECTS

Looking into 2014, U.S. monetary policy will continue to have an effect on the global economy, but major indicators are pointing to a more solid economic recovery. Supported by favourable factors such as an upturn in the economies of European countries and continued implementation of monetary easing measures by major central banks, it is expected that the global economy will continue to have temperate grow.

In Hong Kong, the economic fundamentals remain robust. Low interest rate environment is expected to last until the end of 2014. Demand from end-users and sound employment rate will provide a positive impact on the property market. However, the restrictive measures, in particular the various types of stamp duties, imposed by the SAR government will suppress the demand for different types of and counteract the aforesaid favourable factors in the next years. The property prices in the coming year are expected to have a limited range of volatility, while the property market overall will develop steadily.

The Group has strong confidence in the prospects of its property leasing business. The successive new highs of tourist numbers have boosted local retail consumer spending. With international brands enthusiastically setting foot in Hong Kong, demand for core retail premises is vibrant. A continued hike in rental rates for retail premises is expected. The Group will keep abreast of market development and employ appropriate investment strategies in managing its property portfolio and devising long-term development goals. We will also seek investment opportunities for the long-term interests of shareholders, and adopt a prudent land acquisition tactic while capturing optimal selling opportunities for our property developments. In the coming year, we will continue to uphold its innovative spirit and proven management philosophy and strategy to achieve steady growth against a backdrop of challenging global economic conditions.

EMPLOYEES REMUNERATION

The Group had 394 and 94 employees in Hong Kong and Mainland China respectively as at 31 December 2013. Employees were remunerated on the basis of their performance, experience and prevailing market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. Total salaries and wages incurred in 2013, if excluding share option expenses of approximately HK$19,079,000 (2012: HK$8,304,000) were approximately HK$151,768,000 (2012: HK$92,918,000).

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, will change its address from 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. All telephone and facsimile numbers of Tricor Standard Limited will remain unchanged.

DIVIDEND

The Board recommends a payment of a final dividend of HK$0.20 (2012: HK$0.20) per share for the year ended 31 December 2013, subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 21 May 2014. The final dividend will be payable on or about 30 June 2014 to shareholders whose names appear on the register of members on 12 June 2014.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Monday, 19 May 2014 to Wednesday, 21 May 2014 (both dates inclusive). In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 31 March 2014) by not later than 4:00 p.m. Friday, 16 May 2014.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from Thursday, 12 June 2014 to Friday, 13 June 2014 (both dates inclusive), during which no transfer of share will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 31 March 2014) by not later than 4:00 p.m. Wednesday, 11 June 2014.

CONTINGENT LIABILITIES

(a) During the course of business, certain bank accounts were opened and held in the name of certain subsidiaries on behalf of third parties to whom these subsidiaries provided building management services. As at the reporting date, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and financial statements of the Group amounted to HK$7,558,000 (2012: HK$5,439,000).

(b) Since the Group commenced legal proceedings HCA 1902/2009 ("the Action") against a joint venture partner in 2009, with whom the Group has a joint venture agreement for the development and construction of village houses in the New Territories, the Action has been stayed pending the outcome of the proceedings in HCMP 1760/2009 which concerns the same subject matter. The Group filed a re-amended statement of claim in December 2012 in HCMP 1760/2009 and the pleadings of the case have been closed in or about April 2013. The case has come to the stage of discovery of documents and thereafter it will proceed to the mutual exchange of factual witnesses' statement. The Group's legal advisor is in the course of locating all documents for discovery purpose. No date for case management conference has been fixed by the Court yet.

    As the Group's legal advisor is unable to anticipate the likely outcome, provision for impairment on amount due from the joint venture and provision for legal costs as at 31 December 2013 were amounting to HK$15,565,000 (2012: HK$15,565,000) and HK$3,598,000 (2012: HK$4,200,000) respectively.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the year ended 31 December 2013 except that:

(1) Code Provision A.1.8

Code Provision A.1.8 provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

As at 31 December 2013, the Group has not yet identified any insurer which would provide insurance service to the Group on satisfactory commercial terms. As such, the Group has not yet arranged appropriate insurance cover in respect of legal action against the directors.

(2) Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and chief executive officer are not separated and performed by two different individuals. Madam Foo Kam Chu, Grace is the founder and Chairman of the Group. She is responsible for the Group's overall development direction and strategies. The Chairman ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Group are delegated to other executive directors, the management and various department heads. The Board is of the view that the current management structure can effectively facilitate the Company's operation and business development.

(3) Code Provision A.4.1

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term.

The non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Bye-Laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted a code of conduct regarding directors' securities dealing transactions on term no less than the required standard set out in the Model Code (Appendix 10 of the Listing Rules).

The Company has made specific enquiry and all Directors have complied with the required standard set out in the Model Code during the year under review.

APPRECIATION

As a final note, I wish to take this opportunity to thank the Directors and staff for their contributions and good performance in the past financial year.

By order of the Board
Foo Kam Chu, Grace
Chairman

Hong Kong, 19 March 2014

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu, Grace, Chan Wai Ling and Kong Siu Man, Kenny; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.