花样年
FANTASIA

Fantasia Holdings Group Co., Limited
花樣年控股集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 01777)

ANNOUNCEMENT OF 2013 ANNUAL RESULTS

HIGHLIGHTS

– The Group's total contract sales for the year of 2013 recorded over RMB10.17 billion and reached approximately 101.7% of the Group's annual sales target of RMB10 billion.

– The Group successfully issued US$250 million 10.75% senior notes due 2020 and RMB$1,000 million 7.875% senior notes due 2016 in January 2013 and May 2013, respectively. And after the reporting period, the Group successfully issued US$300 million 10.625% senior notes due 2019 in January 2014.

– The Group's total revenue increased by 16.9% to RMB7,280 million in 2013 from RMB6,230 million in 2012.

– Gross profit margin reached 38.4% and net profit margin reached 16.9% in 2013 which maintained at a high level within the industry since its listing.

– The Group's profit for the year increased by 9.2% to RMB1,230 million in 2013 from RMB1,126 million in 2012.

– Basic earnings per share increased by 4.5% to RMB0.23 in 2013 from RMB0.22 in 2012.

– As at 31 December 2013, the Group's total bank balances and cash was approximately RMB3,632 million (2012: approximately RMB3,496 million), representing an increase of 3.9% as compared to that as at 31 December 2012.

– As at 31 December 2013, the Group's deposits received for sales of properties was approximately RMB4,678 million (2012: approximately RMB4,186 million), which was deposits received for property recognised sales locked up for the financial year ending date 31 December 2014 and thereafter.

– The Board proposed the payment of a final dividend of HK$6.68 cents per share representing about 25% dividend payout, for the year ended 31 December 2013.

– The acquisition of all the equity interest in Huizhou T.C.L. Real Estate Development Co., Ltd (惠州T.C.L.房地產開發有限公司) ("T.C.L. Real Estate") and the indebtedness of T.C.L. Real Estate and its subsidiaries due to T.C.L. Corporation, and the subscription by T.C.L. Industries Holdings (H.K.) Limited of 863,600,074 new shares of the Company, at a subscription price of HK$1.41 per share, were completed on 6 January 2014.

The board (the "Board") of Directors (the "Directors") of Fantasia Holdings Group Co., Limited (the "Company") is pleased to announce the audited financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Revenue	*3*	**7,279,828**	6,230,050
Cost of sales and services		**(4,486,269)**	(3,709,778)
Gross profit		**2,793,559**	2,520,272
Other income, gains and losses	*4*	**385,511**	31,800
Change in fair value of investment properties		**167,319**	167,876
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		**10,177**	330,257
Selling and distribution expenses		**(315,184)**	(314,100)
Administrative expenses		**(487,390)**	(291,966)
Finance costs	*5*	**(260,294)**	(57,698)
Share of results of associates		**675**	417
Share of results of joint ventures		**(6,714)**	–
Gain on disposal of subsidiaries		**116,644**	–
Profit before tax	*6*	**2,404,303**	2,386,858
Income tax expense	*7*	**(1,174,112)**	(1,261,209)
Profit for the year		**1,230,191**	1,125,649
Other comprehensive income (expense)			
Items that may not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties		**3,960**	45,708
Deferred taxation liability arising from revaluation of properties		**(990)**	(14,633)
Other comprehensive income for the year, net of income tax		**2,970**	31,075
Total comprehensive income for the year		**1,233,161**	1,156,724
Profit for the year attributable to:			
Owners of the Company		**1,215,038**	1,139,241
Non-controlling interests		**15,153**	(13,592)
		1,230,191	1,125,649
Total comprehensive income attributable to:			
Owners of the Company		**1,218,008**	1,163,210
Non-controlling interests		**15,153**	(6,486)
		1,233,161	1,156,724
Earnings per share – Basic (RMB)	*9*	**0.23**	0.22
Earnings per share – Diluted (RMB)	*9*	**0.23**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**905,241**	585,687
Investment properties		**4,012,828**	3,422,233
Interests in associates		**1,566**	1,171
Interests in joint ventures		**71,084**	19,720
Available-for-sale investment		**38,910**	–
Goodwill		**79,267**	16,488
Intangible assets		**907**	–
Prepaid lease payments		**1,233,811**	822,252
Premium on prepaid lease payments		**390,032**	591,144
Land development expenditure		**666,131**	1,217,463
Other receivables		**376,841**	–
Deposits paid for acquisition of subsidiaries		**150,000**	6,890
Deposit paid for acquisition of a property project		**132,346**	126,004
Deposit paid for acquisition of land use rights		**435,423**	158,123
Deferred tax assets		**393,454**	329,372
		8,887,841	7,296,547
CURRENT ASSETS			
Properties for sale		**14,191,479**	11,372,628
Prepaid lease payments		**30,828**	28,121
Premium on prepaid lease payments		**10,853**	19,219
Trade and other receivables	*10*	**3,583,659**	2,142,501
Amounts due from customers for contract works		**41,059**	52,482
Tax recoverable		**46,114**	77,179
Amount due from a joint venture		**139,190**	–
Financial assets at fair value through profit or loss		**–**	42,200
Restricted/pledged bank deposits		**855,564**	707,614
Bank balances and cash		**2,776,879**	2,788,106
		21,675,625	17,230,050

	Notes	2013 RMB'000	2012 RMB'000
CURRENT LIABILITIES			
Trade and other payables	11	**2,453,629**	2,603,457
Deposits received for sale of properties		**4,678,224**	4,186,104
Amounts due to customers for contract works		**54,318**	2,291
Amounts due to related parties		**506**	1,573
Tax payable		**2,784,573**	2,238,038
Borrowings – due within one year		**2,053,357**	2,452,294
Obligations under finance leases		**26,003**	–
		12,050,610	11,483,757
NET CURRENT ASSETS		**9,625,015**	5,746,293
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,512,856**	13,042,840
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**719,916**	692,558
Borrowings – due after one year		**4,942,036**	3,100,113
Senior notes		**4,843,390**	2,329,003
Provision		**29,591**	–
Obligation under finance leases		**140,418**	–
Redeemable shares		**6,177**	–
		10,681,528	6,121,674
		7,831,328	6,921,166
CAPITAL AND RESERVES			
Share capital		**429,575**	457,093
Reserves		**6,890,876**	6,144,037
Equity attributable to owners of the Company		**7,320,451**	6,601,130
Non-controlling interests		**510,877**	320,036
		7,831,328	6,921,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both are limited liability companies incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling party is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands, corporate head office in Hong Kong is Room 1103, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, and corporate headquarter in People's Republic of China is Block A, Funian Plaza, Shihua Road and Zijing Road Interchange in Futian Duty-free Zone, Shenzhen 518048, Guangdong Province, China.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised standards on consolidation, join arrangements, associates and disclosures and amendments to HKFRS 10, HKFRS 11, and HKFRS 12

In the current year, the Group has applied the first time HKFRS 10, HKFRS 11, and HKFRS 12 and HKFRS 28 (as revised in 2011) together with amendments to HKFRS 10, HKFRS 11, and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements.

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

Impact of the application of HKFRS 10

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

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 as at 1 January 2013.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *"Interests in Joint Ventures"*, and the guidance contained in a related interpretation, HK(SIC) – Int13 *"Jointly Controlled Entities – Non-Monetary Contributions by Venturers"*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

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

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 interest 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 result of the Group.

Impact of application of HKFRS 12

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

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad, the fair value measurement requirements applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS17 *"Leases"*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value or the purposes of measuring inventories or value in use for impairment assessment purpose).

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

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (see note 16 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferred Accounting[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
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 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below. The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short – term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HAKS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010–2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011–2013 Cycle may have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

	2013	2012
	RMB'000	*RMB'000*
Sales of properties	**6,733,340**	5,885,314
Rental income	**128,673**	90,266
Agency fee from provision of property agency services	**12,683**	14,470
Management fee and installation services fee from provision of property operation services	**314,764**	184,683
Hotel operations	**90,368**	55,317
	7,279,828	6,230,050

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the operating and reportable segments of the Group.

The Group has five reportable and operating segments as follows:

Property development	–	developing and selling of commercial and residential properties in the PRC
Property investment	–	leasing of commercial and residential properties
Property agency services	–	provision of property agency and other related services
Property operation services	–	provision of property management, installation of security systems and other related services
Hotel operation	–	provision of hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, exchange gain, share of results of associates and joint venture, gain on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint venture, financial assets at fair value through profit or loss, amount due from a joint venture, available-for-sale investment, restricted bank deposits, bank balances and cash and other corporate assets.

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For 31 December 2013

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Property operation services *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
External revenues	**6,733,340**	**128,673**	**12,683**	**314,764**	**90,368**	**7,279,828**
Inter-segment revenues	**104,383**	**–**	**1,157**	**404,902**	**–**	**510,442**
Segment result	**2,281,695**	**170,405**	**9,959**	**86,963**	**1,010**	**2,550,032**
Segment assets	**20,300,865**	**4,334,570**	**3,912**	**937,689**	**570,952**	**26,147,988**
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	**13,781**	**111,149**	**1,493**	**322,125**	**46,884**	**495,432**
Change in fair value of investment properties	**–**	**167,319**	**–**	**–**	**–**	**167,319**
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	**10,177**	**–**	**–**	**–**	**–**	**10,177**
Release of prepaid lease payments	**14,917**	**–**	**–**	**1,767**	**1,577**	**18,261**
Release of premium on prepaid lease payments	**15,342**	**–**	**–**	**–**	**–**	**15,342**
Investment income	**246,161**	**–**	**–**	**–**	**–**	**246,161**
Amortisation of intangible assets	**–**	**–**	**–**	**906**	**–**	**906**
Depreciation of property, plant and equipment	**15,427**	**5,239**	**–**	**15,453**	**28,119**	**64,238**
Gain on disposal of property, plant and equipment	**39**	**–**	**–**	**–**	**–**	**39**
Reversal of allowance on bad and doubtful debts, net	**4,117**	**–**	**–**	**–**	**–**	**4,117**

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for 31 December 2012:

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Property operation services *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
External revenues	5,885,314	90,266	14,470	184,683	55,317	6,230,050
Inter-segment revenues	52,388	1,643	1,157	286,021	–	341,209
Segment result	2,294,476	10,218	11,106	129,765	1,010	2,446,574
Segment assets	16,279,343	3,422,232	8,359	415,056	432,359	20,557,349
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	34,723	154,868	–	25,714	96,368	313,673
Change in fair value of investment properties	–	167,876	–	–	–	167,876
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	330,257	–	–	–	–	330,257
Release of prepaid lease payments	7,454	–	–	3,067	1,581	12,102
Release of premium on prepaid lease payments	11,133	–	–	–	–	11,133
Depreciation of property, plant and equipment	18,421	–	1	2,862	16,077	37,361
Loss on disposal of property, plant and equipment	31	–	–	–	–	31
Reversal of (allowance) on bad and doubtful debts, net	11,012	–	–	(465)	–	10,547

Inter-segment revenues are charged at prevailing market rate.

Note: Additions to non-current assets comprise mainly additions to goodwill, property, plant and equipment and investment properties and exclude interests in associates and joint ventures, prepayments, deposits paid for acquisition of subsidiaries and a property project and deferred tax assets.

Reconciliation:

	2013	2012
	RMB'000	*RMB'000*
Revenue:		
Total revenue for operating and reportable segments	**7,790,270**	6,571,259
Elimination of inter-segment revenues	**(510,442)**	(341,209)
Group's total revenues	**7,279,828**	6,230,050
Total segment results	**2,446,574**	2,562,448
Elimination of inter-segment result	**103,458**	(115,874)
Unallocated amounts:		
Unallocated income	**98,847**	66,541
Unallocated corporate expenses	**(94,887)**	(68,976)
Finance costs	**(260,294)**	(57,698)
Gain on disposal of subsidiaries	**116,644**	–
Share of results of associates	**675**	417
Share of results of a joint ventures	**(6,714)**	–
Profit before taxation	**2,404,303**	2,386,858

	2013	2012
	RMB'000	*RMB'000*
Assets:		
Total assets for operating and reportable segments	**26,147,988**	20,557,349
Unallocated assets:		
Interests in associates	**1,566**	1,171
Interests in joint ventures	**71,084**	19,720
Financial assets at fair value through profit and loss	**–**	42,200
Available-for-sale investment	**38,910**	–
Restricted bank deposits	**855,564**	707,614
Amount due from a joint venture	**139,190**	–
Bank balances and cash	**2,776,879**	2,788,106
Corporate assets	**532,285**	410,437
Group's total assets	**30,563,466**	24,526,597

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC.

During the years ended 31 December 2013 and 2012, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

	2013	2012
	RMB'000	*RMB'000*
Other material items:		
Release of prepaid lease payments		
Reportable segment totals	**18,261**	12,102
Unallocated amount	**283**	–
	18,544	12,102
Release of premium on prepaid lease payments		
Reportable segment and Group's totals	**15,342**	11,133
Depreciation of property, plant and equipment		
Reportable segment totals	**64,238**	37,361
Unallocated amount	**283**	117
Group's total	**64,521**	37,478
Additions to non-current assets		
Reportable segment totals	**495,432**	313,673
Unallocated amount	**5,649**	–
Group's total	**501,081**	313,673
Gain (loss) on disposal of property, plant and equipment		
Reportable segment and Group's totals	**39**	(31)
Reversal (allowance) on bad and doubtful debt, net		
Reportable segment and Group's totals	**4,117**	(10,547)

4. OTHER INCOME, GAINS AND LOSSES

	2013	2012
	RMB'000	*RMB'000*
Investment income *(notes i)*	**246,161**	–
Interest income	**7,007**	10,424
Forfeiture income on deposits received	**–**	853
Government grant *(note ii)*	**29,335**	8,505
Net exchange gain	**91,838**	7,483
Others	**11,170**	4,535
	385,511	31,800

Notes:

(i) The amount represents the return on investment in land development project from Pixian Government.

(ii) The amount represents the grants received from the relevant PRC government to encourage the development of real estate industry. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

5. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on:		
– borrowings wholly repayable within five years	**315,091**	393,156
– borrowings not wholly repayable within five years	**66,988**	10,715
– senior notes	**542,664**	169,161
– finance lease	**1,045**	–
Less: Amount capitalised in properties under development for sale	**(658,372)**	(381,978)
Amount capitalised in land development expenditure	**–**	(120,570)
Amount capitalised in investment properties under development	**(7,122)**	(4,951)
Amount capitalised in construction in progress	**–**	(7,835)
	260,294	57,698

In 2013, certain amount of borrowing costs capitalised arose on the general borrowing pool and were calculated by applying the capitalisation rate of 13.24% per annum (2012: 9.6% per annum) to expenditure on qualifying assets.

6. PROFIT BEFORE TAX

	2013	2012
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**14,784**	9,800
Other staff's salaries and allowances	**264,165**	208,861
Retirement benefit scheme contributions	**47,884**	19,930
Share-based payments	**6,555**	3,378
Total staff costs	**333,388**	241,969
Less: Amount capitalised in properties under development for sale	**(92,920)**	(85,566)
Amount capitalised in land development expenditure	**–**	(4,021)
Amount capitalised in investment properties under development	**–**	(1,152)
	240,468	151,230
Auditor's remuneration	**4,868**	4,165
Release of prepaid lease payments	**18,544**	12,102
Release of premium on prepaid lease payments	**15,342**	11,133
Depreciation of property, plant and equipment	**64,521**	37,478
Amortisation of intangible assets	**906**	–
(Gain) loss on disposal of property, plant and equipment	**(39)**	31
(Reversal of) allowance on bad and doubtful debts, net	**(4,117)**	10,547
Cost of properties sold recognised as an expense	**4,233,681**	3,420,029
Contract cost recognised as an expense	**22,321**	29,695
Office expenses	**38,559**	15,989
Rental expenses in respect of rented premises under operating leases	**9,128**	6,994
Gross rental income from investment properties	**(128,673)**	(90,266)
Less: direct operating expenses from investment properties that generated rental income	**6,664**	7,139
	(122,009)	(83,127)

7. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
PRC taxes		
EIT	**634,865**	541,120
LAT	**576,870**	580,082
	1,211,735	1,121,202
Deferred tax		
Current year	**(37,623)**	140,007
	1,174,112	1,261,209

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's PRC enterprise income tax is calculated based on the applicable tax rate on assessable profits, if applicable.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2012 Final – HK$5.50 cents		
(2012: 2011 final dividend HK$4.00 cents) per shares	**228,576**	168,859

Note: Subsequent to the end of the reporting period, a final dividend in respect of year ended 31 December 2013 of HK$6.68 cents, equivalent to RMB5.27 cents (2012: final dividend for the financial year ended 31 December 2012 of HK$5.50 cents, equivalent to RMB4.46 cents) per share amounting to approximately RMB303,411,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

9. EARNINGS PER SHARE

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

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**1,215,038**	1,139,241
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,181,097,750**	5,207,221,750
Effect of dilutive potential ordinary shares		
Share options	**26,579,949**	2,790,310
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,207,677,699**	5,210,012,060

10. TRADE AND OTHER RECEIVABLES

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, service and management income in respect of property management.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portion are received on or before the date of delivery of the properties to customers which is recorded as deposits received for sale of properties and the remaining balance are normally settled within 30–90 days from date of delivery of the properties to the customers under the sales and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and service fee income is received in accordance with the terms of the relevant property service agreements, normally within 30–90 days from the issuance of invoices.

Hotel operation income is in the form of cash sales.

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**661,721**	964,674
Other receivables	**278,857**	109,523
Prepayments and other deposits	**116,237**	62,424
Prepayments for suppliers	**226,028**	217,188
Prepayments for construction work	**1,511,936**	643,326
Consideration receivable on disposal of subsidiary	**205,369**	–
Amount due from Pixian Government	**375,989**	–
Other tax prepayment *(Note)*	**207,522**	145,366
	3,583,659	2,142,501

Note: During the year ended 31 December 2013, the Group is required to prepay business tax amounting to approximately RMB251,859,000 (2012: RMB187,493,000) in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects. As at 31 December 2013, amount of approximately RMB204,844,000 (2012: RMB132,308,000) has been prepaid and included in other tax prepayment.

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the date of delivery of the properties to the customers at the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 to 30 days	**300,701**	487,829
31 to 90 days	**97,072**	256,995
91 to 180 days	**45,825**	30,727
181 to 365 days	**143,666**	113,747
Over 1 year	**74,457**	75,376
	661,721	964,674

11. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**1,660,348**	1,730,059
Other payables*	**539,300**	332,415
Other tax payables	**61,559**	161,339
Payroll payable	**74,103**	48,181
Welfare payable	**2,620**	3,315
Retention payable	**60,400**	54,796
Consideration payable	**19,462**	257,630
Accruals	**35,837**	15,722
	2,453,629	2,603,457

* Included in other payables consists of approximately RMB24,067,000 (2012: RMB57,023,000) which was the earnest money received from potential property buyers.

Trade payables principally comprise amounts outstanding for purchase of materials for the construction of properties for sale and ongoing expenditures. The average credit period for purchase of construction materials ranged from six months to one year.

The following is an aged analysis of the Group's trade payables and retention payable presented based on the invoice date at the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 to 60 days	**1,217,018**	1,269,307
61 to 180 days	**223,488**	296,571
181 to 365 days	**153,212**	103,925
1–2 years	**42,320**	77,074
2–3 years	**80,116**	21,054
Over 3 years	**4,594**	16,924
	1,720,748	1,784,855

At 31 December 2013, the balances of approximately RMB60,400,000 (2012: RMB54,796,000) represent the retention money of approximately 5% to 10% of the construction contract price.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

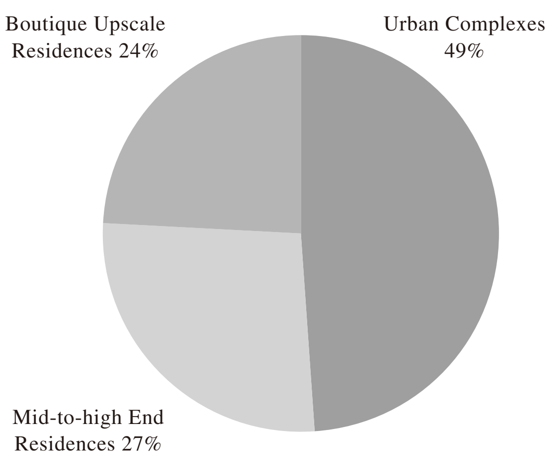
Property Development

Contract Sales and Project Development

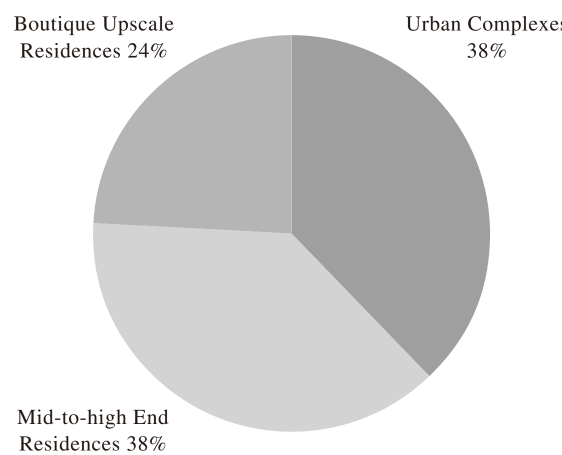
Three years after the implementation of the policies on "purchase restriction and loan restriction", the industry, customers and enterprises become more mature and the differentiation of urban development in first/second and third/fourth tier cities became more obvious. At the beginning of the year, the Group established the operating strategy of "Being Steady and Prudent", with an emphasis on the cash flows and prudent capital management, carried out proactive sales strategies and relied on "rigid demand products" and "complexes exempt from the purchase restriction" in order to over fulfill the sales target of RMB10 billion for the whole year.

During the reporting period, the Group recorded contract sales of RMB10,174 million and contract sales area of 1,292,735 square meters ("sq.m."). RMB5,044 million of the total contract sales was derived from urban complexes projects, which accounted for 50%. As the result of the policies on "purchase restriction and loan restriction", the simplification of real estate products still continue and its effect will gradually be realized. Therefore, in 2013, the Group focused on replenishing land bank (mainly for urban complexes) in Beijing and Shenzhen where such first-tier cities possess great market potential and able to generate substantial capital returns. We believe that it will generate considerable profit returns in the next 3 years.

The proportion of contract sales attributable to different categories of products



The proportion of contract sales area attributable to different categories of products

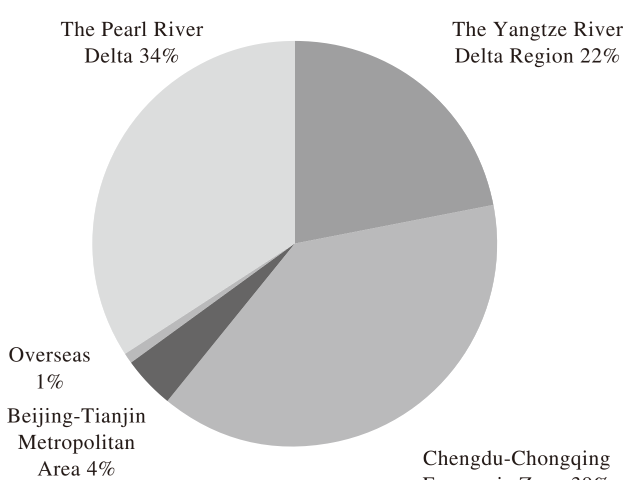


The proportion of contract sales and contract sales area attributable to different categories of products in 2013

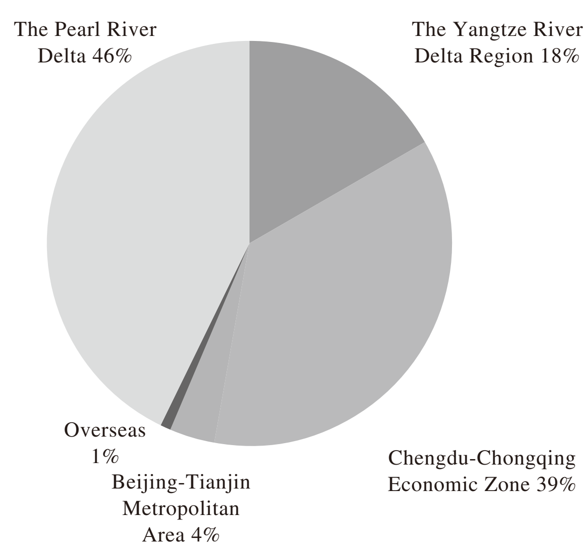
	Amount		Area	
	(RMB million)	%	*(sq.m.)*	%
Urban complexes	5,044	49	485,051	38
Mid-to-high end residences	2,718	27	494,942	38
Boutique upscale residences	2,412	24	312,742	24
Total	10,174	100	1,292,735	100

During the reporting period, the contract sales contribution of the Group's real estate business was mainly derived from 13 cities, including Chengdu, Guilin and Huizhou, and 32 projects, including Chengdu Meinian Plaza, Chengdu Funian Plaza, Chengdu Future Plaza, Guilin Fantasia Town, Huizhou Fantasia Special Town and Suzhou Fantasia Special Town, as compared to 19 projects from 10 cities in the same period last year. This reflects that, as a result of the relentless efforts over the past few years, the project companies of the Group in the cities have become more mature by virtue of the operating experience accumulated and earned good reputation and impact in the local market, which resulted in the more balanced business development of the Group and a continuous growth in the contributions from different regions.

The contract sales distribution in the five major regions in 2013



The contract sales area distribution in the five major regions in 2013



The breakdown of the Company's contract sales in the five major regions in 2013

	Amount *(RMB million)*	%	Area *(sq.m.)*	%
Chengdu-Chongqing Economic Zone	3,961	39	399,683	31
The Pearl River Delta	3,491	34	596,790	46
The Yangtze River Delta Region	2,254	22	237,383	18
Beijing-Tianjin Metropolitan Area	392	4	58,227	4
Overseas	76	1	652	1
Total	**10,174**	**100**	**1,292,735**	**100**

Chengdu-Chongqing Economic Zone

Chengdu-Chongqing Economic Zone is one of the most important drivers for economic growth in China. After a development of eleven years, the local property market has become more mature. Driven by its systematic planning for transport development, Chengdu shall become the strategic economic region for modern services industry and new and high-technology industry.

The Group entered Chengdu market in early 2001. With brand reputation we accumulated over 11 years, the Group has become one of the strongest property developers in Chengdu. In 2013, the Group actively expanded the development of Chongqing projects and strived to complete the comprehensive expansion of Chengdu-Chongqing Economic Zone. During the reporting period, despite the market saturation of the commercial properties and the persistent market pressure, Fantasia, with its favorable corporate brand image and the measures undertaken, has strengthened its leading position in the market of urban complexes.

During the reporting period, the Group recorded contract sales area of approximately 399,683 sq.m. in Chengdu-Chongqing zone and contract sales of approximately RMB3,961 million, attributing 31% and 39% of the property total contract sales area and total contract sales to the Group, respectively.

As at 31 December 2013, the Group had five projects or phases of projects under construction in Chengdu-Chongqing zone, with a total planned gross floor area ("GFA") of approximately 145,660 sq.m.. The saleable area was approximately 1,112,190 sq.m.. Other than the projects under construction, the Group still had five projects or phases of projects to be developed in Chengdu-Chongqing Economic Zone, with a total planned GFA of approximately 2,082,746 sq.m..

Pearl River Delta

Pearl River Delta, being one of the most important drivers for economic growth in China, was where Fantasia grew and developed. The Group has, since 2010, been developing a Greater Shenzhen Zone, with Shenzhen being the center and Huizhou and Dongguan being the radiated regions, while speeding up the business development in Guilin market as to further expand our strategic penetration and coverage around the Pearl River Delta.

During the reporting period, the Group recorded contract sales area of approximately 596,790 sq.m. in Pearl River Delta; and recorded contract sales of approximately RMB3,491 million, attributing 46% and 34% of the Group's total contract sales area and total contract sales, respectively.

As at 31 December 2013, the Group had twelve projects or phases of projects under construction in Pearl River Delta, with a total planned GFA of approximately 1,745,333 sq.m. and estimated saleable area of approximately 1,285,919 sq.m.. The Group also had six projects or phases of projects to be developed, with a total planned GFA of approximately 1,505,578 sq.m..

Beijing-Tianjin Metropolitan Area

Beijing-Tianjin Metropolitan Area, which is the third pole for China's economic growth as well as the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, enjoys a prominent strategic position. This area, benefiting from being the national political, economic and cultural center, has made itself one of the most attractive areas in China. During the reporting period, based on the existing projects, the Group actively expanded industry projects, which is the core direction of real estate transformation in the first-tier cities.

During the reporting period, the Group reported contract sales area of approximately 58,227 sq.m. and contract sales of RMB392 million in Beijing-Tianjin Metropolitan Area, representing 4.5% and 3.9% of the property total contract sales area and total contract sales of the Group, respectively.

As at 31 December 2013, the Group had one project or phase of project under construction in Beijing-Tianjin Metropolitan Area, with an aggregate planned GFA of approximately 90,342 sq.m., and estimated saleable area of approximately 85,681 sq.m., and also four projects or phases of projects to be developed, with an aggregate planned GFA of approximately 785,091 sq.m..

Yangtze River Delta

Yangtze River Delta is the region which enjoys the strongest integrative strength and the most-balanced development. Due to its extensive geographic coverage and strategic development, the region shall become an important focus for the growth of China's real estate industry. The Group paid continuous attention to the Group's current projects as well as the first tier cities that have great growth potential with the region. During the reporting period, with its thorough understanding of the needs of customers and outstanding overall operation, the Group recorded excellent sales performance in Suzhou Fantasia Special Town. At the same time, the Group also actively promoted the implementation of housing industrialization in Suzhou Lago Paradise Land projects.

During the reporting period, the Group recorded contract sales area of approximately 237,383 sq.m., and contract sales of approximately RMB2,254 million in the Yangtze River Delta, representing 18% and 22% of the property total contract sales area and total contract sales of the Group.

As at 31 December 2013, the Group had four projects or phases of projects under construction in Yangtze River Delta, with the aggregate planned GFA of approximately 861,293 sq.m., and estimated saleable area of approximately 593,355 sq.m., and two phases of projects to be developed, with the aggregate planned GFA of approximately 241,792 sq.m..

Overseas

Singapore is the first stop where the Group advanced into overseas real estate market and has an important strategic meaning to the international development of the Group.

During the reporting period, the Group recorded contract sales area of 652 sq.m., and contract sales of approximately RMB76 million overseas, representing 0.1% and 0.7% of the property total contract sales area and total contract sales of the Group.

As at 31 December 2013, the Group had one overseas project to be developed, with the aggregate planned GFA of approximately 13,023 sq.m..

Newly Commenced Projects

During the reporting period, the Group had eighteen projects or phases of projects which were newly commenced, with a total planned GFA of approximately 2,354,857 sq.m..

The breakdown of newly commenced projects in 2013

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	Aggregate GFA *sq.m.*
Pearl River Delta						
1	Phase 4 of Huizhou Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	2016	100%	156,144
2	Phase 5 of Huizhou Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	2015	100%	149,981
3	Phase 2 and 3 of Guilin Fantasia Town	Lingui New District, Guilin City	Residential and Commercial	Phase 2: 2015 Phase 3: 2016	100%	298,619
4	Block C of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	2015	100%	206,788
5	Block D of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	2015	100%	123,000
6	Block E of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	2016	100%	119,709
7	Shenzhen Xingnian Plaza	Nanshan District, Shenzhen City	Office	2014	62%	52,468
8	Shenzhen Longnian International Centre	Longgang District, Shenzhen City	Office	2016	100%	38,482
9	Dongguan Wonderland	Huangjiang Town, Dongguan City	Commercial	2016	100%	20,595
Chengdu-Chongqing Economic Zone						
1	Phase 1 and 2 of Chengdu Longnian International Center	Pi County, Chengdu City	Residential and Commercial	2015	100%	202,342
2	Phase 2 of Chengdu Grande Valley	Pujiang County, Chengdu City	Residential and Commercial	2014	100%	37,026
3	Phase 2 of Chengdu Meinian Plaza	Chengdu High-technology Zone, Chengdu City	Educational	2015	100%	72,972
4	Phase 5 of Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	2016	100%	367,298

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	Aggregate GFA
						sq.m.
Yangtze River Delta						
1	Suzhou Fantasia Special Town	Taihu National Tourism Vacation Zone, Suzhou City	Residential	2015	100%	136,485
2	Suzhou Hailrun Plaza	Shishan Road, New District, Suzhou City	Residential,Commercial and Ancillary	2016	100%	170,309
3	Ningbo Beilun Project	Beilun District, Ningbo City	Residential and Commercial	2016	100%	112,297
Beijing-Tianjin Metropolitan Area						
1	Phase 1.2 of Tianjin Love Forever	Wuqing District, Tianjin City	Residential	2014	100%	31,611
2	Phase 1.3 of Tianjin Love Forever	Wuqing District, Tianjin City	Residential	2015	100%	58,731
Total						2,354,857

Completed Projects

During the reporting period, the Group completed fourteen projects or phases of projects, with a total GFA of approximately 1,240,575 sq.m..

The breakdown of completed projects in 2013

Project-serial number	Project name	Gross floor area	GFA	Area held for sale: Area for sale	Area held for sale: Contract sales area	Area held by the Company	Contract sales area during 2013
		sq.m.	*sq.m.*	*sq.m.*	*sq.m.*	*sq.m.*	*sq.m.*
Pearl River Delta							
1	Phase 2 of Dongguan Wonderland	75,557	64,830	–	–	–	–
2	Phase 3.1 of Dongguan Wonderland	71,660	43,393	–	–	–	–
3	Phase 1 of Guilin Fantasia Town	272,574	264,053	4,845	259,208	4,022	88,922
4	Phase 1 of Shenzhen Able	34,430	34,430	–	–	34,430	–
5	Phase 1 of Huizhou Love Forever	97,376	67,880	7,099	60,782	–	40,691
Chengdu-Chongqing Economic Zone							
1	Chengdu Funian Plaza	180,275	132,163	–	–	–	25,762
2	Phase 4.1 of Chengdu Fantasia Town	50,866	50,871	–	50,871	–	25,558
3	Dali Human Art Wisdom	77,408	64,488	3,352	61,136	–	12,573
Yangtze River Delta							
1	Nanjing Yuhuatai Project	94,774	45,194	28	45,166	21,979	20,704
2	Block 1.1 of Suzhou Lago Paradise Land Plot No. 4	40,018	22,416	5,542	16,874	–	4,465
3	Suzhou Lago Paradise Land Plot No. 6	21,042	12,291	9,755	2,537	–	2,537
4	Phase 2 of Wuxi Love Forever	46,417	41,434	18,404	23,030	–	23,030
5	Wuxi Hailrun Complex	103,051	83,142	83,093	25,268	–	10,930
Beijing-Tianjin Metropolitan Area							
1	Phase 1.1 of Tianjin Love Forever	75,127	53,121	1,399	51,722	–	14,913
Total		**1,240,575**	**979,706**	**133,516**	**596,593**	**60,431**	**270,084**

Projects Under Construction

As at 31 December 2013, the Group had twenty projects or phases of projects under construction, with a total planned GFA of approximately 4,075,945 sq.m. and a planned saleable area of approximately 3,025,772 sq.m., among which had an accumulated contracted area of approximately 1,169,873 sq.m..

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Area held for sale: Area for sale	Area held for sale: Contract sales area	Expected area held by the Company	Contract sales area during 2013	Product Category
						sq.m.	*sq.m.*	*sq.m.*	*sq.m.*	*sq.m.*	*sq.m.*	
Shenzhen												
1	Xingnian Plaza	Nanshan District, Shenzhen City	Commercial and financial use land	61%	2014	52,468	20,000	–	–	20,000	–	Urban complex
2	Longqi Bay	Longgang District, Shenzhen City	holiday apartment	100%	2014	38,139	28,223	–	–	–	–	Boutique upscale residence
Huizhou												
1	Phase 3, 4 and 5 of Fantasia Special Town	Huinan Road, Huizhou City	Residential and Commercial	100%	Phase 3:2014 Phase 4:2015 Phase 5:2014	466,375	363,963	177,812	186,151	–	149,296	Mid-to-high end residence
2	Love Forever	Huangyuyong, Daya Bay, Huizhou City	Residential and Commercial	100%	2014	41,390	39,567	100,848	26,133	–	33,651	Mid-to-high end residence
Dongguan												
1	Phase 3.2 of Wonderland	Huangjiang Town, Dongguan City	Residential and Commercial	100%	2014	86,965	84,725	1,543	83,181	–	60,206	Boutique upscale residence
Guilin												
1	Phase 2 and 3 of Guilin Fantasia Town	Lingui New District, Guilin City	Residential and Commercial	100%	Phase 2:2015 Phase 3:2016	358,320	213,971	325,186	99,336	70,523	99,336	Urban complex
2	Phase 1.1 and 2 of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and Commercial	100%	Phase 1:2014 Phase 2:2015	244,423	175,816	124,850	50,966	–	36,329	Boutique upscale residence
3	Block D of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and Commercial	100%	2015	123,000	99,350	–	–	–	–	Boutique upscale residence
4	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and Commercial	100%	2016	119,709	89,800	–	–	–	–	Boutique upscale residence
Chengdu												
1	Phase 2.2 of Grande Valley	Pujiang County, Chengdu City	residential land use	100%	2014	42,723	42,723	17,110	25,613	–	22,862	Boutique upscale residence
2	Phase 4.2 of Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	100%	Phase 4.2:2014	129,371	83,628	5,186	78,442	–	–	Mid-to-high end residence
3	Phase 5 of Fantasia Town	Wenjiang District, Chengdu City	Residential and Commercial	100%	2015	371,682	280,272	67,624	83,261	–	83,261	Mid-to-high end residence
4	Phase 2 and 2.3 of Meinian International Plaza	Chengdu High-technology Zone, Chengdu City	Residential, commercial and educational	100%	Phase 2:2015 Phase 2.3:2016	497,844	424,872	23,634	65,765	72,972	70,294	Urban complex
5	Phase 1 and 2.1 of Longnian International Center	Pi County, Chengdu City	Residential and Commercial	100%	2015	415,020	280,695	212,962	49,569	18,164	41,036	Urban complex
Tianjin												
1	Phase 1.2 and 1.3 of Love Forever	Wuqing District, Tianjin City	residential land use	100%	2014	90,342	85,681	41,558	44,123	–	42,738	Boutique upscale residence

Suzhou												
1	Fantasia Special Town	Taihu National Tourism Vacation Zone, Suzhou City	Residential	100%	2015	136,485	122,442	–	–	–	–	Boutique upscale residence
2	Suzhou Hailrun Plaza	Binhe Road West, Shangxin District, Suzhou City	Residential and Commercial	100%	2016	336,589	197,221	–	–	–	–	Urban complex
Wuxi												
1	Phase 3 and 4 of Love Forever	New District, Wuxi City	Residential and Commercial	100%	2015	130,694	103,480	35,986	26,224	–	26,224	Boutique upscale residence
North Sea												
1	Mangrove	North Sea City	Residential and Commercial	100%	2015	176,899	141,547	–	71,158	–	71,158	High end residence
Ningbo												
1	Love Forever	Beilun District, Ningbo City	Residential and Commercial	100%	2015	217,507	147,796	35,572	25,838	–	25,838	Boutique upscale residence
Total						**4,075,945**	**3,025,772**	**1,169,873**	**915,760**	**181,659**	**762,230**	

Projects Held for Development

As at 31 December 2013, the Group had eighteen projects or phases of projects held for development, with a total planned GFA of approximately 4,628,230 sq.m..

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA *sq.m..*
Shenzhen					
1	Nanshan District Project (T.C.L. Project)	Nanshan District, Shenzhen City	Industrial, commercial and financial	100%	39,587
2	Zhizhou Building Project	Shekou District, Shenzhen City	Commercial and financial	61%	37,500
3	Huachuang Project	Longgang District, Shenzhen City	Industrial plant and carpark	60%	90,000
4	Able Project	Longgang District, Shenzhen City	Industrial plant and carpark	100%	99,541
Subtotal					*266,628*
Suzhou					
1	Remaining phases of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial	100%	222,372
Subtotal					*222,372*

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					sq.m..
Wuxi					
1	Remaining phases of Wuxi Love Forever	New District, Wuxi City	Residential and commercial	100%	19,420
Subtotal					*19,420*
Dongguan					
1	Wonderland	Huangjiang Town, Dongguan City	Residential and commercial	100%	38,558
Subtotal					*38,558*
Guilin					
1	Remaining phases of Lakeside Eden	Lingui New District, Guilin City	Residential and commercial	100%	1,200,392
Subtotal					*1,200,392*
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary	100%	283,304
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial	100%	1,490,370
3	Remaining phases of Meinian International Plaza	High-technology Zone, Chengdu City	Educational	100%	23,903
4	Remaining phases of Chengdu Longnian International Center	Pi County, Chengdu City	Residential and commercial	100%	155,355
5	Chengdu Pi County	Pi County, Chengdu City	Residential and commercial	100%	129,814
Subtotal					*2,082,746*

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					sq.m..
Beijing					
1	Qingnian Road Project	Qingnian Road, Beijing	Commercial, office and carpark	100%	140,000
Subtotal					*140,000*
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential	100%	376,949
2	Meinian International Plaza	Hexi District, Tianjin	Office	100%	99,803
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism	100%	168,339
Subtotal					*645,091*
Singapore					
1	Ultra Mansion	Novena, Singapore	Residential and commercial	100%	13,023
Subtotal					13,023
Total					4,628,230

OUR LAND BANK

During the reporting period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai and Shenzhen, which enjoy strong market potential and are capable of delivering prosperous return. As at 31 December 2013, the planned GFA of the Group's land bank amounted to approximately 8.70 million sq.m., and the planned GFA of properties with framework agreements signed amounted to 8.13 million sq.m..

Summary of our land bank by regions as at 31 December 2013

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of land bank	Proportion
	Sq.m.	*Sq.m.*	*Sq.m.*	*Sq.m.*	
Chengdu-Chongqing Economic Zone				**7,704,385**	**45.8%**
Chengdu	1,456,640	2,082,746	3,364,599	6,903,985	
Kunming	–	–	800,400	800,400	
The Pearl River Delta				**6,465,188**	**38.4%**
Shenzhen	90,607	266,628	2,546,349	2,903,584	
Huizhou	507,765	–	705,573	1,213,338	
Dongguan	86,965	38,558	–	125,523	
Guilin	845,452	1,200,392	–	2,045,844	
Beihai	176,899	–	–	176,899	
Beijing-Tianjin Metropolitan Area				**950,433**	**5.6%**
Beijing	–	140,000	75,000	215,000	
Tianjin	90,342	645,091	–	735,433	
The Yangtze River Delta				**1,201,067**	**7.1%**
Suzhou	473,074	222,372	–	695,446	
Wuxi	130,694	19,420	–	150,114	
Shanghai	–	–	38,000	38,000	
Nanjing	–	–	100,000	100,000	
Ningbo	217,507	–	–	217,507	
Overseas				**13,023**	**0.1%**
Singapore	–	13,023	–	13,023	
Central China				**501,523**	**3.0%**
Wuhan	–	–	501,523	501,523	
Total	**4,075,945**	**4,628,230**	**8,131,444**	**16,835,619**	

COMMUNITY SERVICES AND PROPERTY MANAGEMENT

During the reporting period, the property operation business of the Group maintained rapid growth while Colour Life Services Group Co., Limited ("Colour Life Group") continued to expand its management areas through engagement and acquisition. As at 31 December 2013, Colour Life Group had contracted management areas over 100,000,000 sq.m. and contracted management projects over 650 in total. Currently, projects managed by Colour Life Group cover over 50 cities in total, including provincial capitals, such as Beijing, Tianjin, Shenyang, Harbin, Shanghai, Xi'an, Changsha, Guangzhou, Nanchang, Nanjing, Chengdu and Nanning, and cities in the Yangtze River Delta, such as Suzhou, Wuxi and Yangzhou as well as cities in the Pearl River Delta, such as Foshan, Zhuhai, Zhongshan and Huizhou, initially forming a regional layout convening seven major regions, including Shenzhen, Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China and Central China. Currently, Colour Life Group has become a large-scale property service group, comprising 6 corporations with the certificate of National Class 1 Aptitude on Property Management and 11 corporations with the certificate of National Class 2 Aptitude on Property Management, signifying a further enhancement and expansion of the influence of the reputation of the community services branding of Colour Life Group. In the past year, Colour Life Group also achieved considerable progress in its online services business and further enhanced its competition advantages of online and offline community service platform.

During the reporting period, the labour cost of property services industry continued to increase. In order to tackle the challenges brought by such increase and further enhance the efficiency of the property service, the Group has upgraded and modified the Colour Life V2.1 model on the basis of information technology infrastructure in some of the projects under our management. At the same time, we launched the website of Colour Life Cloud and its corresponding application on mobile equipment to provide convenience in paying fees, equipment repair and working complaint on service for community owners which strengthened the interactions and communications between us and the community owners. We believe this will further strengthen our ability to accommodate the demand for community services in an era of mobile internet and contribute to duplicate our community management model and seamlessly integrating the offline business to online business and strongly guaranteed the quality of fundamental property services which has been the focus of our control, so as to further enhance our competitive advantages in fundamental property management.

In 2014, we will make continuous efforts on enhancing the quality of property management of basic properties, further promote upgrading and modifying Colour Life V2.1 model for 400 communities managed under Colour Life Services Group and launch more interactive programs for community residents and owners in our online platform to reinforce the brand effect of the community service platform of Colour Life; deepen the strategic layout of Colour Life nationwide to make the online and offline community service platform more efficient in scale; continuously develop and boost Colour Life's ability to integrate the peripheral commercial resources of the community and attract more commercial entities to provide goods and services to residents and owners of communities managed under Colour Life in the Colour Life Cloud platform so as to strengthen customers' loyalty to the community service platform of Colour Life and develop Colour Life Services Group Co., Limited as a leading community service provider in the PRC.

HOTEL MANAGEMENT

In 2013, Fantasia Hotel Management Limited (花樣年酒店管理有限公司) expanded rapidly, from Rhombus Fantasia Chengdu Hotel, U Hotel in Shenzhen and Grande Valley International Country Club that commenced operations in 2012 to Town on the Water Holiday Hotel, Belle Eqopue HYDE Hotel and Kangcheng Sunshine Regency Hotel that were taken over in Yixing, Chengdu and Ningbo, respectively. During the reporting period, our hotel projects in Chengdu, Tianjin and Guilin had progressed smoothly.

In 2013, Rhombus Fantasia Chengdu Hotel, the flagship hotel of Fantasia Group in Chengdu, was awarded The Best Business Hotel by China City Travel and sponsored the first "Fantasia – Night of Fortune – Grammy All-stars Concert" held in China in June and successfully entertained over 30,000 international and domestic superstars and guests.

In 2014, Fantasia will corporate with internationally well-known hotel management enterprise Starwood Hotels & Resorts Worldwide, Inc. to develop, construct and manage Guilin Lingui Fantasia Four Points by Sheraton in Lingui New District of Guilin City, manage Lakeside Eden catering projects in Guilin, and manage its own boutique U hotels in Tianjin and Chengdu. In the next 3 to 5 years, besides in China, Fantasia will expand its businesses to New York in U.S. and Taipei in Taiwan.

BUSINESS MANAGEMENT SERVICES

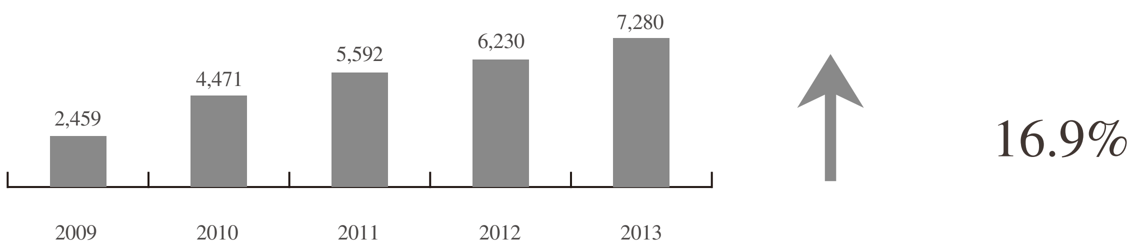
Since urban complex is an important category among the real estate products of the Group, and under the Group's corporate mission for pursuing innovative business model and offering a wider coverage of business with its experience accumulated over the past 16 years, Shenzhen Fantasia Business Management, a subsidiary of the Group, during the reporting period, successfully attracted numerous talents of the industry, and actively participated in the Group's certain large scale business invitation, business planning and investment invitation projects. The business invitation rate of Nanjing Yuhuatai Project (南京花生唐) under its leadership reached 76% and successfully introduced large scale renowned chain brands, including Jackie Chan Cinema and China Resources Suguo. The business invitation rate of Guilin Huashengtang (桂林花生唐) under its leadership reached 70% and successfully entered into a leasing contract with the giant of international fast fashion brand, "H&M" and established a cooperation relationship, which marked the international fast fashion brand's first entrance into Guilin market. At the same time, Chengdu Pixian Huashengtang (成都郫縣花生唐) and Chengdu and Suzhou Hongtang projects with larger scale, more plentiful business activities and higher position, were intensely prepared to be launched. As a result, the brand image and recognition of Fantasia's business projects have been improved significantly and gained unique brand influence in the industry. We believe that Fantasia Business Management will earn a stable and constantly increasing return in the future.

FINANCIAL REVIEW

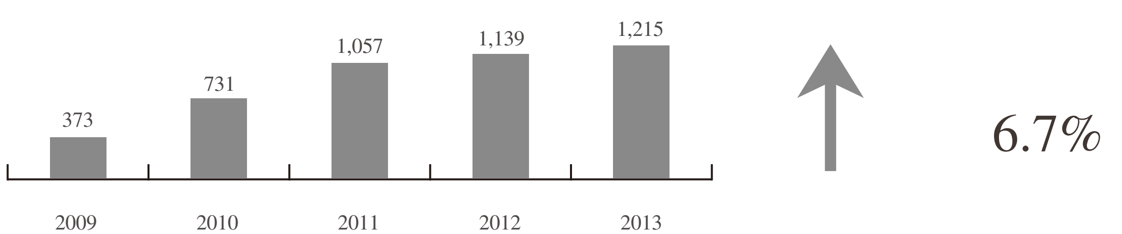
Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) the provision of hotel management and related services. For the year ended 31 December 2013, turnover of the Group amounted to approximately RMB7,280 million, representing an increase of 16.9% from approximately RMB6,230 million in 2012. Profit for the year attributable to the owners of the Company was approximately RMB1,215 million, representing an increase of 6.7% from approximately RMB1,139 million in 2012.

Revenue (in RMB'milion)



Profit (in RMB'milion)



Property Development

We recognize revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of our properties held for sales. Revenue derived from property development increased by 14.4% to approximately RMB6,733 million in 2013 from approximately RMB5,885 million in 2012. This increase was due primarily to an increase in total GFA sold to our customers.

Property Investment

Revenue generated from property investment increased by 43.3% to approximately RMB129 million in 2013 from approximately RMB90 million in 2012. The increase was primarily due to the continuing growth of the investment properties and the increase in occupancy rate.

Property Agency Services

Revenue derived from property agency services decreased by 7.1% to approximately RMB13 million in 2013 from approximately RMB14 million in 2012. Due to the restructuring of the Company's business, the property agency services business has been disposed of in January 2011 in order for the management to concentrate on the major business, but we maintained the property agency service in the second hand market as a value-added service in the property operation business team.

Property Operation Services

Revenue derived from property operation services increased by 70.3% to approximately RMB315 million in 2013 from approximately RMB185 million in 2012. This increase was due primarily to an increase both in the GFA of properties that we managed and coverage of value added service we provided to customers during 2013.

Hotel Services

Revenue derived from hotel services increased by 63.6% to approximately RMB90 million in 2013 from approximately RMB55 million in 2012. This increase was due primarily to an increase in occupancy rate of the hotel during 2013.

Gross Profit and Margin

Gross profit increased by 10.9% to approximately RMB2,794 million in 2013 from approximately RMB2,520 million in 2012, while our gross profit margin maintained at a high level of 38.4% in 2013 whereas it was 40.5% in 2012. This increase in gross profit was in line with the increase in the total revenue in 2013. On the other hand, the decreased in profit margin in 2013 was resulted from the change in composition of completed properties delivered.

Other Income, Gain and Losses

Other income, gain and losses increased by 1,106.3% to approximately RMB386 million in 2013 from approximately RMB32 million in 2012. The increase was mainly attributable to the investment gains derived from the land rehabilitation services we provided to the government of Pi County, Chengdu, Sichuan.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 0.3% to approximately RMB315 million in 2013 from approximately RMB314 million in 2012. This increase was due primarily to an increase in general selling, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in 2013 as compared to that in 2012. Our contract sales in 2013 was approximately RMB10,174 million while that in 2012 was approximately RMB8,014 million.

Administrative Expenses

Our administrative expenses increased by 66.8% to approximately RMB487 million in 2013 from approximately RMB292 million in 2012. This increase was mainly due to rising labor costs and other management expenses as we expanded our scale.

Finance Costs

Our finance costs increased by 348.3% to approximately RMB260 million in 2013 from approximately RMB58 million in 2012. Most of our bank loans and senior notes were used for projects constructions. Our finance costs increased as a result of the interest of the senior notes we issued in September 2012 and January and May 2013, despite an increase in our capitalization ratio due to a growth in the number of projects under construction during the current period.

Income Tax Expenses

Our income tax expenses decreased by 6.9% to approximately RMB1,174 million in 2013 from approximately RMB1,261 million in 2012. The decrease was primarily due to an increase in land appreciation tax associated with the increased projects under construction, resulting in more deferred income tax assets.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by 6.7% to approximately RMB1,215 million in 2013 from approximately RMB1,139 million in 2012. This increase was due primarily to an increase in properties recognised in 2013 as compared to that in 2012.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2013, the Group's bank balances and cash was approximately RMB3,632 million (2012: approximately RMB3,496 million), representing an increase of 3.9% as compared to that as at 31 December 2012. A portion of our cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 31 December 2013, the Group's restricted cash was approximately RMB856 million (2012: approximately RMB708 million), representing an increase of 20.9% as compared to that as at 31 December 2012.

Current Ratio and Gearing Ratio

As at 31 December 2013, the Group has current ratio (being current assets over current liabilities) of approximately 1.79 compared to that of 1.48 as at 31 December 2012. The gearing ratio was 104.8% as at 31 December 2013 compared to that of 63.4% as at 31 December 2012. The gearing ratio was measured by net debt (aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash) over the total equity. The total debt (being aggregated bank borrowings and senior notes) over total assets ratio continued to be healthy, maintaining at 38.6% (2012: 32.1%) as of 31 December 2013.

Borrowings and Charges on the Group's Assets

As at 31 December 2013, the Group had an aggregate borrowings and senior notes of approximately RMB6,995 million (31 December 2012: approximately RMB5,552 million) and approximately RMB4,843 million (31 December 2012: approximately RMB2,329 million), respectively. Amongst the borrowings, approximately RMB1,873 million (31 December 2012: approximately RMB1,861 million) will be repayable within 1 year, approximately RMB4,594 million (31 December 2012: approximately RMB3,337 million) will be repayable between 2 to 5 years and approximately RMB528 million (31 December 2012: approximately RMB354 million) will be repayable after 5 years. The senior notes were repayable between 2 to 10 years.

As at 31 December 2013, a substantial part of the borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares.

Exchange Rate Risk

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

Commitments

As at 31 December 2013, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB4,764 million (2012: RMB4,718 million).

Contingent Liabilities

As at 31 December 2013, the Group had provided guarantees amounting to approximately RMB3,163 million (2012: approximately RMB2,751 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2013 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2013, the Group had approximately 12,412 employees (31 December 2012: 7,502 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2013 amounted to approximately RMB333 million (2012: approximately RMB242 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2013, total 142,660,000 share options were granted. 25,090,000 (2012: 23,260,000) share options had lapsed during the year. Up to 31 December 2013, no share option had been exercised. As at 31 December 2013, the outstanding share options were 117,570,000. Please refer to the paragraph headed "Share Option Scheme" in this report for further details.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 6 January 2014, the Company together with certain of its subsidiaries had completed the acquisition of all the equity interest in T.C.L. Real Estate and the indebtedness of T.C.L. Real Estate and its subsidiaries due to T.C.L. Corporation, and the subscription by T.C.L. Industries Holdings (H.K.) Limited of 863,600,074 new shares of the Company at a subscription price of HK$1.41 per share. Please refer to the announcements of the Company dated 24 December 2013 and 7 January 2014.

DIVIDEND

The Board proposed the payment of a final dividend of HK$6.68 cents per share for the year ended 31 December 2013 to shareholders whose names appear on the register of members of the Company on Wednesday, 21 May 2014, which will be paid after the receipt of approval by shareholders of the Company at annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 14 May 2014 ("AGM"), the register of members of the Company will be closed on Thursday, 8 May 2014 to Wednesday, 14 May 2014, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 7 May 2014.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Tuesday, 20 May 2014 to Wednesday, 21 May 2014, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 19 May 2014.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 14 May 2014 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") in due course.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules, except for the following deviation:

– Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

During the year ended 31 December 2013, the Company regularly reviews its corporate governance practices to ensure they continue to meet the respective requirements of the CG Code. The key corporate governance principles and practices of the Company are summarised in this report.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the CG Code, the Board adopted a revised terms of reference of the Audit Committee on 12 March 2012. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results of the Company have been reviewed by the Audit Committee.

Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. In order to comply with the CG Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Nomination Committee

The Company has established the nomination committee (the "Nomination Committee") in compliance with the Listing Rules. The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun, and, Ms. Zeng Jie, Baby and four independent non-executive Directors, Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the required standard set out in the Model Code regarding directors' securities transactions during the year ended 31 December 2013 and all Directors confirmed that they have complied with the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable laws of the Cayman Islands and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. During the year, the Company had repurchased a total of 313,488,000 shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of HK$470,690,256. All of the repurchased shares were subsequently cancelled. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	**Total number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
October 2013	18,045,000	1.32	1.25	23,380,929
November 2013	295,443,000	1.56	1.34	447,309,328

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors at the latest practicable date (i.e. 17 March 2014) prior to the issue of this announcement, the Company has maintained a sufficient public float throughout the year ended 31 December 2013.

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

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

ACKNOWLEDGEMENT

The excellent performance of Fantasia was really founded on the tremendous support from all sectors and the diligent fulfillment and contribution of all our staff. On behalf of the Board, I would like to take this opportunity to express our heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Following the 18th CPC Central Committee, the economy and society of China has entered into a historical moment when state-owned enterprises face challenges and market opportunities. The Company will adhere to the concept of maintaining a close relationship with customers and developing a light asset based business so as to become a leader in community services sector in three to five years' time and create valuable life to our customers continuously and thoroughly with new ideas. We dedicate to maximize the value for our shareholders and investors in creating the best returns.

By order of the Board
Fantasia Holdings Group Co., Limited
Pan Jun
Chairman

Hong Kong, 17 March 2014

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Lam Kam Tong, Mr. Zhou Jinquan and Mr. Wang Liang; the non-executive Directors are Mr. Li Dong Sheng and Mr. Yuan Hao Dong and the independent non-executive Directors are Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.