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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2013

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2013)

- Turnover was HK\$15,648 million (2012: HK\$9,927 million).
- Profit attributable to equity holders was HK\$3,852 million (2012: HK\$2,983 million).
- Basic earnings per share was HK\$2.10 per share (2012: HK\$1.72 per share).

BUSINESS REVIEW

Industry Overview

- In 2013, China's economy achieved stable growth and showed a positive trend. The GDP for the year was RMB56,884.5 billion, which grew 7.7%.
- China continued to enhance control measures on property market. The introduction of "The Five Directives" and its implementation rules manifested the new leadership's determination of property control. The policies aimed at further suppressing investment and speculation and protecting rigid and upgrading property demand.
- The Third Plenary Session of the 18th Central Committee of China's Communist Party emphasized on accelerating market economy transformation, reducing government intervention and speeding up independently-operated enterprises' formation. Fair competition and transparent market rules promoted a more efficient and sustainable economy development.

* For identification purposes only

- The Group reasonably seized opportunities amid market adjustment and further developed first-tier cities and core assets in an orderly manner. The Group at the same time made continuous efforts to innovate operation mode, optimize product structure, balance business portfolio and expand financing channel to further enhance its risk resilience capability and market competitiveness, so as to realize the continuous and stable growth in operation scale.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2013 totalling RMB11,267 million (2012: RMB11,644 million) are as follows:

- In Guangzhou, a total GFA of 99,234 square metres (2012: 216,314 square metres) with a carrying value of RMB2,561 million (2012: RMB3,741 million) was sold. The decrease in sales was mainly attributable to the short sales period of certain new units which were launched in the second half of the year.
- In Huizhou, a total GFA of 134,542 square metres (2012: 173,973 square metres) with a carrying value of RMB1,164 million (2012: RMB1,736 million) was sold. The decrease in sales was mainly attributable to the fact that the remaining unsold units of Hopson Regal Bay were being sold.
- In Shanghai, a total GFA of 147,025 square metres (2012: 82,675 square metres) with a carrying value of RMB2,226 million (2012: RMB1,527 million) was sold. The increase in sales was due to the new supply of units of The Town of Hangzhou Bay and Hopson Times Garden.
- In Beijing and Tianjin, a total GFA of 274,107 square metres (2012: 201,657 square metres) with a carrying value of RMB5,316 million (2012: RMB4,640 million) was sold. The increase in sales was mainly attributable to the sufficient stock of units of Hopson Regal Park and Hopson World Garden, which were continuously very well received by the market.

Properties sold but not yet delivered

As at 31st December 2013, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 983,506 square metres (2012: 982,105 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$15,545 million will be recognised as revenue in the Group's financial statements in 2014 and thereafter.

Delivery of properties

A total GFA of 653,507 square metres (2012: 512,783 square metres) was delivered in 2013.

Project development progress

- A total GFA of 1,326,891 square metres (2012: 752,891 square metres) was completed during the year 2013.
- It is expected that a total GFA of 1,796,828 square metres will be completed in 2014.

Landbank and land replenishment

As of 31st December 2013, the Group had a landbank of 33.45 million square metres.

During 2013, the Group completed acquisitions of several land lots in Beijing and Shanghai, involving a total gross floor area of approximately 0.62 million square metres.

Prospects

- Looking ahead to 2014, the Chinese economy will continue to seek progress in its stable growth and the macro economy will continue to grow steadily. However, amidst the complicated domestic and overseas economic environment, the risk of economic fluctuation still exists. The property industry at the same time will encounter reforms on land, taxation and finance, while marketization was emphasized by The Third Plenary Session of the 18th Central Committee of China's Communist Party. All these reforms outlined the principles of the future property industry development with opportunities and challenges.
- It is expected that in 2014, upgrading demand will become the main driving force for residential market's steady development. Meanwhile, the acceleration of market transformation will also release the enormous potential of pension real estate, commercial real estate as well as industrial and cultural real estate.
- The Group holds an optimistic view prudently towards the property market and is well-prepared to ensure a better performance under normalized control measures and market reform environment.

The board (the "Board") of directors (the "Directors") of Hopson Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2013 together with the comparative figures for the previous year.

The 2013 financial statements of the Company have been reviewed by the Company's audit committee and the Board.

CONSOLIDATED INCOME STATEMENT

		For the year ended	
		31st December	
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
Revenues	4	15,648,207	9,926,605
Cost of sales	7	<u>(9,660,856)</u>	<u>(5,683,720)</u>
Gross profit		5,987,351	4,242,885
Fair value gain on investment properties		540,606	214,622
Gain on disposal of available-for-sale financial assets	5	—	1,770,414
Other income/gains, net	6	283,848	58,957
Selling and marketing expenses	7	(544,241)	(503,766)
General and administrative expenses	7	(1,411,121)	(1,357,088)
Finance income	8	31,069	35,807
Finance costs	8	—	(215,829)
Share of (loss)/profit of associates		(1,226)	3,003
Share of profit/(loss) of joint ventures	9	<u>1,423,387</u>	<u>(154)</u>
Profit before taxation		6,309,673	4,248,851
Taxation	10	<u>(2,475,187)</u>	<u>(1,360,748)</u>
Profit for the year		<u><u>3,834,486</u></u>	<u><u>2,888,103</u></u>
Attributable to:			
Equity holders of the Company		3,852,073	2,982,790
Non-controlling interests		<u>(17,587)</u>	<u>(94,687)</u>
		<u><u>3,834,486</u></u>	<u><u>2,888,103</u></u>
Earnings per share for profit attributable to equity holders of the Company during the year			
(in HK\$ per share)			
— basic and diluted	11	<u><u>2.10</u></u>	<u><u>1.72</u></u>
Dividend	12	<u><u>—</u></u>	<u><u>—</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31st December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	3,834,486	2,888,103
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on available-for-sale financial assets	(101,435)	(387,407)
Assets revaluation reserve and currency translation differences realised upon disposal of available-for-sale financial assets	—	(1,768,051)
Assets revaluation reserve realised upon disposal of properties held for sale	(9,843)	(35,246)
Deferred tax	30,049	289,682
Currency translation differences	1,609,424	21,041
Other comprehensive income/(loss) for the year, net of tax	1,528,195	(1,879,981)
Total comprehensive income for the year	5,362,681	1,008,122
Attributable to:		
Equity holders of the Company	5,299,834	1,103,337
Non-controlling interests	62,847	(95,215)
	5,362,681	1,008,122

CONSOLIDATED BALANCE SHEET

	As at 31st December	
	2013	2012
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Land costs	1,928,700	1,528,998
Prepayments for acquisition of land	135,305	131,197
Prepayments for construction work	1,340,636	—
Properties and equipment	4,105,363	3,435,475
Investment properties	22,515,040	16,535,733
Goodwill	42,528	41,237
Investments in associates	158,257	154,659
Investments in joint ventures	5,599,225	4,027,439
Available-for-sale financial assets	2,665,885	2,684,836
Deferred tax assets	295,185	299,334
	<u>38,786,124</u>	<u>28,838,908</u>
Current assets		
Prepayments for acquisition of land	10,273,666	11,006,809
Properties under development for sale	55,122,056	54,314,252
Completed properties for sale	21,412,298	14,407,957
Financial assets at fair value through profit or loss	12,146	13,552
Accounts receivable	13 406,179	347,695
Prepayments, deposits and other current assets	2,553,024	2,924,163
Due from associates	32,882	31,884
Due from related companies	6,440	6,361
Pledged/charged bank deposits	1,189,562	1,232,929
Cash and cash equivalents	5,389,295	4,356,241
	<u>96,397,548</u>	<u>88,641,843</u>
Total assets	<u><u>135,183,672</u></u>	<u><u>117,480,751</u></u>

		As at 31st December	
		2013	2012
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		224,537	173,600
Reserves	16	<u>52,521,442</u>	<u>42,014,189</u>
		52,745,979	42,187,789
Non-controlling interests		<u>2,411,207</u>	<u>2,806,811</u>
Total equity		<u>55,157,186</u>	<u>44,994,600</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		61,418	59,651
Borrowings	14	29,900,660	21,270,578
Due to minority shareholders of subsidiaries		573,493	556,080
Deferred tax liabilities		<u>5,718,011</u>	<u>5,548,087</u>
		36,253,582	27,434,396
Current liabilities			
Accounts payable	15	7,728,568	5,137,933
Land cost payable		533,335	750,732
Borrowings	14	9,472,831	15,520,648
Deferred revenue		15,544,864	14,233,334
Accruals and other payables		2,990,449	2,762,720
Due to an associate		7,020	6,807
Due to related companies		101,939	265,210
Due to joint ventures		2,368,135	2,145,551
Current tax liabilities		<u>5,025,763</u>	<u>4,228,820</u>
		43,772,904	45,051,755
Total liabilities		<u>80,026,486</u>	<u>72,486,151</u>
Total equity and liabilities		<u>135,183,672</u>	<u>117,480,751</u>
Net current assets		<u>52,624,644</u>	<u>43,590,088</u>
Total assets less current liabilities		<u>91,410,768</u>	<u>72,428,996</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2013	173,600	42,014,189	2,806,811	44,994,600
Profit for the year	—	3,852,073	(17,587)	3,834,486
Other comprehensive income:				
Fair value loss on available-for-sale financial assets	—	(101,435)	—	(101,435)
Assets revaluation reserve realised upon disposal of properties held for sale	—	(9,843)	—	(9,843)
Deferred tax	—	30,049	—	30,049
Currency translation differences	—	1,528,990	80,434	1,609,424
Other comprehensive income for the year, net of tax	—	1,447,761	80,434	1,528,195
Total comprehensive income for the year	—	5,299,834	62,847	5,362,681
Transactions with owners:				
Repurchase of own shares	(1,388)	(127,588)	—	(128,976)
Issue of shares	52,325	5,335,007	—	5,387,332
Capital contribution by non-controlling interests	—	—	34,438	34,438
Acquisition of further interests in subsidiaries	—	—	(312,570)	(312,570)
Dividends paid to non-controlling interests of subsidiaries	—	—	(180,319)	(180,319)
	50,937	5,207,419	(458,451)	4,799,905
Balance at 31st December 2013	224,537	52,521,442	2,411,207	55,157,186

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2012	173,600	40,910,852	2,981,657	44,066,109
Profit for the year	—	2,982,790	(94,687)	2,888,103
Other comprehensive income:				
Fair value loss on available-for-sale financial assets	—	(387,407)	—	(387,407)
Assets revaluation reserve and currency translation differences realised upon disposal of available-for-sale financial assets	—	(1,768,051)	—	(1,768,051)
Assets revaluation reserve realised upon disposal of properties held for sale	—	(35,246)	—	(35,246)
Deferred tax	—	289,682	—	289,682
Currency translation differences	—	21,569	(528)	21,041
Other comprehensive income for the year, net of tax	—	(1,879,453)	(528)	(1,879,981)
Total comprehensive income for the year	—	1,103,337	(95,215)	1,008,122
Transactions with owners:				
De-register of a subsidiary	—	—	(17,744)	(17,744)
Dividends paid to non-controlling interests of a subsidiary	—	—	(61,887)	(61,887)
	—	—	(79,631)	(79,631)
Balance at 31st December 2012	173,600	42,014,189	2,806,811	44,994,600

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 27th March 2014.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

(3) ACCOUNTING POLICIES

In 2013, the Group adopted the following new or revised standards, interpretations and amendments of HKFRS, which are effective for accounting periods beginning on or after 1st January 2013 and relevant to the Group’s operations.

HKAS 1 Amendment	Presentation of Financial Statements
HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

The Group has assessed the impact of the adoption of these new or revised standards, interpretations and amendments and considered that there was no significant impact on the Group’s results and financial position, except for certain disclosures in respect of HKAS 1 Amendment and HKFRS 13.

Standards, interpretations and amendments to existing standards that are not yet effective

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 Amendment	Impairment of Assets on Recoverable Amount Disclosures	1st January 2014
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement — Novation of Derivatives	1st January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures — Mandatory Effective Date of HKFRS 9 and Transition Disclosure	1st January 2015
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10, HKFRS 12 and HKAS 27 Amendment	Consolidation for Investment Entities	1st January 2014
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HK (IFRIC)-Int 21	Levies	1st January 2014
Annual Improvements Project	Annual Improvements 2010–2012 Cycle	1st July 2014
Annual Improvements Project	Annual Improvements 2011–2013 Cycle	1st July 2014

The Group has already commenced an assessment of the impact of these new or revised standards, interpretations and amendments, certain of which are relevant to the Group's operations and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

(4) SEGMENT INFORMATION

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both business and geographic perspectives. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the reportable business segments are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

The Executive Directors assess the performance of the operating segments based on a measure of adjusted segment results. Corporate expenses, finance income and finance costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of properties and equipment, investment properties, investments in joint ventures, prepayments for acquisition of land, properties under development for sale, completed properties for sale, prepayments, deposits and other current assets, and cash and cash equivalents. They exclude available-for-sale financial assets, which are managed on a central basis, and deferred tax assets.

Sales between segments are carried out on terms similar to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenues comprise turnover which included gross proceeds from sales of properties, revenue from rental, hotel operations and construction services, and property management income.

	2013	2012
	HK\$'000	HK\$'000
Sales of properties	14,136,060	8,612,201
Property management income	664,042	583,615
Income from hotel operations	246,810	237,551
Rental income		
— Investment properties	270,598	139,612
— Others	145,364	113,570
Construction services		
— Renovation	185,333	240,056
	<u>15,648,207</u>	<u>9,926,605</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2013 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2013											
Total revenues	7,914,327	1,288,107	6,033,342	98,582	146,180	30,606	52,176	—	214,663	682,211	16,460,194
Inter-segment revenues	<u>(678,743)</u>	<u>(6,079)</u>	<u>(84,197)</u>	<u>(2,702)</u>	<u>(2,068)</u>	<u>—</u>	<u>(127)</u>	<u>—</u>	<u>(19,902)</u>	<u>(18,169)</u>	<u>(811,987)</u>
Revenues	<u>7,235,584</u>	<u>1,282,028</u>	<u>5,949,145</u>	<u>95,880</u>	<u>144,112</u>	<u>30,606</u>	<u>52,049</u>	<u>—</u>	<u>194,761</u>	<u>664,042</u>	<u>15,648,207</u>
Adjusted segment results	<u>1,938,516</u>	<u>53,192</u>	<u>2,174,582</u>	<u>468,949</u>	<u>119,753</u>	<u>1,585,862</u>	<u>(41,997)</u>	<u>(31,227)</u>	<u>(251,558)</u>	<u>6,504</u>	<u>6,022,576</u>
Depreciation	(6,620)	(2,943)	(19,518)	(433)	(210)	(15)	(7,730)	(9)	(112,747)	(2,587)	(152,812)
Amortisation	—	—	—	—	—	—	(9,418)	(27,192)	(7,254)	—	(43,864)
Provision for impairment of accounts receivable	—	—	—	—	—	—	(11,270)	—	—	(10,858)	(22,128)
Fair value gain/(loss) on investment properties	—	—	—	400,896	(4,159)	143,869	—	—	—	—	540,606
Share of profit/(loss) of associates	377	—	(1,603)	—	—	—	—	—	—	—	(1,226)
Share of profit/(loss) of joint ventures	<u>11,776</u>	<u>—</u>	<u>(3,321)</u>	<u>—</u>	<u>—</u>	<u>1,414,932</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,423,387</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2012 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2012										
Total revenues	3,077,021	3,978,774	2,262,423	57,669	83,610	—	34,263	203,288	591,929	10,288,977
Inter-segment revenues	(309,682)	—	(42,709)	—	(1,667)	—	—	—	(8,314)	(362,372)
Revenues	<u>2,767,339</u>	<u>3,978,774</u>	<u>2,219,714</u>	<u>57,669</u>	<u>81,943</u>	<u>—</u>	<u>34,263</u>	<u>203,288</u>	<u>583,615</u>	<u>9,926,605</u>
Adjusted segment results	<u>333,238</u>	<u>1,615,335</u>	<u>533,532</u>	<u>(254,445)</u>	<u>394,844</u>	<u>140,406</u>	<u>3,298</u>	<u>(184,173)</u>	<u>(27,891)</u>	<u>2,554,144</u>
Depreciation	(7,955)	(3,420)	(20,260)	(131)	(126)	(19)	(7,439)	(120,631)	(2,446)	(162,427)
Amortisation	—	—	—	—	—	—	(7,246)	(6,286)	—	(13,532)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	(42,843)	(42,843)
Fair value (loss)/gain on investment properties	—	—	—	(285,070)	357,487	142,205	—	—	—	214,622
Share of (loss)/profit of associates	(101)	—	3,104	—	—	—	—	—	—	3,003
Share of (loss)/profit of joint ventures	(335)	—	181	—	—	—	—	—	—	(154)

The segment assets by business lines and by geographical areas as at 31st December 2013 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended											
31st December 2013	<u>36,058,629</u>	<u>21,169,892</u>	<u>43,162,649</u>	<u>4,957,644</u>	<u>11,489,545</u>	<u>9,496,942</u>	<u>1,095,238</u>	<u>1,607,240</u>	<u>2,782,721</u>	<u>402,102</u>	<u>132,222,602</u>
Segment assets include:											
Investments in associates	2,690	—	155,567	—	—	—	—	—	—	—	158,257
Investments in joint ventures	<u>2,531,374</u>	<u>—</u>	<u>1,246,648</u>	<u>—</u>	<u>—</u>	<u>1,821,203</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,599,225</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>5,504</u>	<u>1,510</u>	<u>8,920</u>	<u>249,477</u>	<u>1,037,599</u>	<u>4,165,920</u>	<u>42,104</u>	<u>375,485</u>	<u>185,615</u>	<u>2,340</u>	<u>6,074,474</u>

The segment assets by business lines and by geographical areas as at 31st December 2012 are as follows:

	Property development			Property investment			Hotel operations			Property	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC	management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at and for the year ended											
31st December 2012	<u>34,895,952</u>	<u>18,791,759</u>	<u>39,011,526</u>	<u>5,332,406</u>	<u>10,429,824</u>	<u>1,471,040</u>	<u>607,718</u>	<u>1,051,538</u>	<u>2,642,492</u>	<u>262,326</u>	<u>114,496,581</u>
Segment assets include:											
Investments in associates	2,237	—	152,422	—	—	—	—	—	—	—	154,659
Investments in joint ventures	<u>2,442,920</u>	<u>—</u>	<u>1,584,519</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,027,439</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>744,141</u>	<u>22,110</u>	<u>40,691</u>	<u>241,966</u>	<u>420,502</u>	<u>44,037</u>	<u>4,825</u>	<u>94,320</u>	<u>50,222</u>	<u>2,206</u>	<u>1,665,020</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	2013	2012
	HK\$'000	HK\$'000
Reportable segment profit from operations	6,022,576	2,554,144
Unallocated corporate income/(expenses) (including exchange gain/(loss)), net	117,815	(26,119)
Dividend income from available-for-sale financial assets (unlisted securities)	138,213	130,434
Gain on disposal of available-for-sale financial assets	—	1,770,414
Finance income	31,069	35,807
Finance costs	—	(215,829)
Profit before taxation	<u>6,309,673</u>	<u>4,248,851</u>

Reconciliation of reportable segment assets to total assets is as follows:

	2013	2012
	HK\$'000	HK\$'000
Total segment assets	132,222,602	114,496,581
Available-for-sale financial assets	2,665,885	2,684,836
Deferred tax assets	295,185	299,334
Total assets	<u>135,183,672</u>	<u>117,480,751</u>

The Group primarily operates in Mainland China. All revenues for the years ended 31st December 2013 and 2012 are from Mainland China.

As at 31st December 2013 and 2012, all non-current assets are located in Mainland China.

(5) GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

During the year ended 31st December 2012, the Group disposed of 205,380,000 shares of BBMG Corporation (“BBMG”) for RMB1,728,058,000 (equivalent to approximately HK\$2,131,365,000) on the “A” share market of the Shanghai Stock Exchange, resulting in a gain on disposal of available-for-sale financial assets of RMB1,435,407,000 (equivalent to approximately HK\$1,770,414,000).

(6) OTHER INCOME/GAINS, NET

	2013	2012
	HK\$'000	HK\$'000
Dividend income from		
— available-for-sale financial assets (unlisted securities)	138,213	130,434
— financial assets at fair value through profit or loss	463	1,298
Government grants	9,667	3,819
Fair value (loss)/gain on financial assets at fair value through profit or loss	(1,414)	2,097
Net exchange gain	136,919	26,910
Impairment loss on other assets	—	(105,601)
	283,848	58,957

(7) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2013	2012
	HK\$'000	HK\$'000
Advertising costs	327,529	238,145
Amortisation of land costs	43,864	13,532
Auditor's remuneration	5,955	5,755
Cost of completed properties sold	8,642,108	4,893,313
Depreciation of properties and equipment	152,812	162,427
Direct operating expenses arising from investment properties that		
— generate rental income	67,717	48,996
— did not generate rental income	30,353	40,475
Employees' benefits costs (including Directors' emoluments)	877,040	764,896
Loss on disposal of properties and equipment	366	385
Operating lease rental in respect of premises	42,160	36,660
Provision for impairment of accounts receivable	22,128	42,843

(8) FINANCE INCOME AND COSTS

	2013	2012
	HK\$'000	HK\$'000
Interest expense:		
— on loans from banks and financial institutions wholly repayable within five years	2,668,479	2,624,364
— on loans from banks and financial institutions not wholly repayable within five years	17,079	18,153
— on senior notes wholly repayable within five years	505,868	485,159
	<hr/>	<hr/>
Total borrowing costs incurred	3,191,426	3,127,676
Less: Amount capitalised as part of the cost of properties under development	(3,191,426)	(2,911,847)
	<hr/>	<hr/>
Interest income from banks	(31,069)	215,829
	<hr/>	<hr/>
Net finance (income)/costs	(31,069)	180,022
	<hr/> <hr/>	<hr/> <hr/>

The weighted average interest rate of borrowing costs capitalised for the year ended 31st December 2013 was approximately 8.7% (2012: 8.7%) per annum.

(9) SHARE OF PROFIT/(LOSS) OF JOINT VENTURES

For the year ended 31st December 2013, the amount mainly contributed from the share of fair value gain, net of tax, on the investment properties of a joint venture located in Beijing, amounting to approximately HK\$1,387 million (2012: nil).

(10) TAXATION

Taxation consists of:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax		
Mainland China corporate income tax	969,564	681,004
Mainland China land appreciation tax	<u>1,466,023</u>	<u>736,196</u>
	----- 2,435,587	----- 1,417,200
Deferred tax		
Mainland China corporate income tax	56,753	(37,957)
Mainland China land appreciation tax	<u>(17,153)</u>	<u>(18,495)</u>
	----- 39,600	----- (56,452)
	<u>2,475,187</u>	<u>1,360,748</u>

No Hong Kong profits tax was provided for the years ended 31st December 2013 and 2012 as the Group did not have any assessable profit.

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the year ended 31st December 2013 (2012: 25%). Mainland China land appreciation tax 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 costs of land and development and construction expenditures.

(11) EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>3,852,073</u>	<u>2,982,790</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,834,045</u>	<u>1,736,003</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u>2.10</u>	<u>1.72</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares for the years ended 31st December 2013 and 2012, diluted earnings per share is equal to basic earnings per share.

(12) DIVIDEND

The Board of Directors did not recommend the payment of any interim and final dividend in respect of the year ended 31st December 2013 (2012: nil).

(13) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable is as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 3 months	180,470	113,614
3 to 6 months	36,209	46,987
6 to 9 months	57,798	32,122
9 to 12 months	29,081	22,615
Over 12 months	102,621	132,357
	<u>406,179</u>	<u>347,695</u>

Carrying values of accounts receivable are denominated in Renminbi and approximate their fair values. The accounts receivable relate to a number of independent customers.

(14) BORROWINGS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	25,314,409	18,978,209
Senior notes	<u>4,586,251</u>	<u>2,292,369</u>
	<u>29,900,660</u>	<u>21,270,578</u>
Current		
Bank and financial institution borrowings	<u>9,472,831</u>	<u>15,520,648</u>
	<u>39,373,491</u>	<u>36,791,226</u>

Notes:

- (a) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000) for a total consideration of approximately HK\$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.
- (b) In January 2013, the Company issued 9.875% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,327,000,000) for a total consideration of approximately HK\$2,327,000,000. The senior notes mature in five years (January 2018) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

(15) ACCOUNTS PAYABLE

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 3 months	2,392,577	1,528,933
3 to 6 months	2,112,093	1,276,981
6 to 9 months	367,539	531,406
9 to 12 months	239,375	512,795
Over 12 months	<u>2,616,984</u>	<u>1,287,818</u>
	<u>7,728,568</u>	<u>5,137,933</u>

As at 31st December 2013, approximately HK\$726,954,000 (2012: HK\$623,119,000) of accounts payable was due to certain related companies in respect of property construction fees.

Carrying values of accounts payable are denominated in Renminbi and approximate their fair values.

(16) RESERVES

For the year ended 31st December 2013

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2013	10,692,732	4,183	161,117	1,153,863	5,375,390	24,626,904	42,014,189
Profit for the year	—	—	—	—	—	3,852,073	3,852,073
Currency translation differences	—	—	—	—	1,528,990	—	1,528,990
Repurchase of own shares	(92,066)	1,388	—	—	—	(36,910)	(127,588)
Issue of shares	5,335,007	—	—	—	—	—	5,335,007
Fair value loss on							
available-for-sale financial assets	—	—	—	(101,435)	—	—	(101,435)
Realised upon disposal of							
properties held for sale	—	—	—	(9,843)	—	—	(9,843)
Deferred tax	—	—	—	30,049	—	—	30,049
Balance at 31st December 2013	<u>15,935,673</u>	<u>5,571</u>	<u>161,117</u>	<u>1,072,634</u>	<u>6,904,380</u>	<u>28,442,067</u>	<u>52,521,442</u>

For the year ended 31st December 2012

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2012	10,692,732	4,183	161,117	2,923,078	5,485,628	21,644,114	40,910,852
Profit for the year	—	—	—	—	—	2,982,790	2,982,790
Currency translation differences	—	—	—	—	21,569	—	21,569
Fair value loss on							
available-for-sale financial assets	—	—	—	(387,407)	—	—	(387,407)
Realised upon disposal of							
available-for-sale financial assets	—	—	—	(1,636,244)	(131,807)	—	(1,768,051)
Realised upon disposal of							
properties held for sale	—	—	—	(35,246)	—	—	(35,246)
Deferred tax	—	—	—	289,682	—	—	289,682
Balance at 31st December 2012	<u>10,692,732</u>	<u>4,183</u>	<u>161,117</u>	<u>1,153,863</u>	<u>5,375,390</u>	<u>24,626,904</u>	<u>42,014,189</u>

DIVIDEND

The Board of Directors did not recommend the payment of any interim and final dividend in respect of the year ended 31st December 2013 (2012: nil).

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

With the implementation of generally more stable austerity policies on China's real estate industry, the Group produced a turnover of HK\$15,648 million in 2013, up 58% comparing to HK\$9,927 million of 2012. The overall GFA delivered by the Group in 2013 was 653,507 square metres (2012: 512,783 square metres), which mainly included No. 8 Royal Park (合生霄雲路8號) and Hopson Dreams World (合生世界村) in Beijing, Hopson Regal International (合生帝景國際) in Guangzhou and Hopson Regal Bay (合生帝景灣) in Huizhou.

The overall average selling price in respect of delivered and completed properties increased by 28% to RMB17,222 (2012: RMB13,489) per square metre. The average selling price of the Group in all regions except in Shanghai increased, mainly due to the delivery of high-end projects such as No. 8 Royal Park (合生霄雲路8號) and sufficient supply of new units which were very well received by the market.

(ii) Contracted Sales

In order to curb the escalating housing prices and facilitate a steady and healthy growth of the real estate industry, both the central and local governments introduced a series of austerity measures in 2013. During the year, the Group recorded a total of RMB11,267 million contracted sales (2012: RMB11,644 million), slightly down 3%. The average contracted selling price was RMB17,205 per square metre, which was similar to that of last year (2012: RMB17,259 per square metre).

The combined contracted sales of Beijing and Tianjin were RMB5,316 million, representing 47% of the total contracted sales of the Group in 2013. Eleven projects were on sale in Beijing and Tianjin, of which Hopson Regal Park (合生濱江帝景) and Hopson World Garden (合生世界花園) were the major sales contributors.

Twenty-one property projects were on sale in Guangdong and the contracted sales were RMB3,725 million in 2013, representing 33% of the total contracted sales of the Group. The major projects in Guangdong were Regal Riviera (珠江帝景), Hopson Regal Bay (合生帝景灣) and Hopson International New City (合生國際新城).

There were eleven property projects on sale in Shanghai, mainly comprising Hopson Times Garden (合生前灘一號), The Town of Hangzhou Bay (合生杭州灣國際新城) and Hopson Yuting Garden (合生御廷園). Contracted sales of Shanghai amounted to RMB2,226 million, representing 20% of the total contracted sales of the Group.

Cost of Sales

Cost of sales included land and construction costs, decoration and design costs, and capitalised interest. Due to the increase in turnover and capitalised interest, the cost of sales was pushed up by 70% to HK\$9,661 million (2012: HK\$5,684 million) and, as a percentage of turnover, increased 5% to 62% (2012: 57%).

Gross Profit

Gross profit margin percentage dropped from 42.7% in 2012 to 38.3% in 2013 was mainly attributable to the increase in cost of sales.

Other Income/Gains, Net

Other income/gains amounted to HK\$283.8 million in 2013 (2012: HK\$58.9 million) comprising (1) dividend income of HK\$138.7 million from investment in listed and unlisted securities; (2) grants amounting to HK\$9.6 million from government authorities in Mainland China; (3) fair value loss of HK\$1.4 million from listed securities; and (4) net exchange gain of HK\$136.9 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration increased 5% to HK\$1,955 million (2012: HK\$1,861 million). The increase was primarily attributable to (1) the Group's greater marketing efforts in response to changes in the market and greater outlay on selling and promotional activities as more new projects were launched as compared to last year; (2) the higher remuneration costs and the employment of additional staff for new projects; (3) the opening of several new restaurants and other operating expenses.

Finance Costs

Gross interest expense before capitalisation in 2013 increased to HK\$3,191 million (2012: HK\$3,128 million), up HK\$63 million or 2%, primarily due to the increase in bank and financial institution borrowings. The effective interest rate in respect of the Group's borrowings was approximately 8.3% per annum (2012: 8.5%).

Share of Profit of Joint Ventures

Share of profit of joint ventures represented the Group's share of profit of HK\$1,423 million from three joint ventures located in Beijing and Guangzhou.

Taxation

The effective tax rate was 39.2% in 2013, up 7.2% compared with last year. The increase was primarily attributable to the gain on disposal of available-for-sale financial assets in last year which was not subject to tax.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$3,852 million for 2013 (2012: HK\$2,983 million). Basic earnings per share was HK\$2.10 (2012: HK\$1.72). Excluding the effect of the net of tax gain from investment property revaluation of HK\$405 million and the net of tax gain from the investment property revaluation of a joint venture of HK\$1,387 million, underlying profit was HK\$2,060 million, up HK\$929 million or 82% as compared with previous year. The overall increase was mainly attributable to the increase in turnover and gross profit.

Segment Information

Property development continued to be the Group's core business activity (90%). In 2013, the Group continued to develop its business in the three core economic regions, namely the Pearl River Delta, Yangtze River Delta and Huanbohai Area. Southern China (including Guangzhou, Huizhou and Zhongshan) contributed 50% to the total revenue of the Group, followed by Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) (41%) and Eastern China (including Shanghai, Hangzhou and Ningbo) (9%).

Financial Position

As at 31st December 2013, total assets of the Group amounted to HK\$135,183 million (2012: HK\$117,481 million) and its total liabilities came to HK\$80,026 million (2012: HK\$72,486 million), representing an increase of 15% and 10% respectively as compared to 31st December 2012. The increase in total assets was mainly attributable to the combined effect of (1) the increase of investment properties; (2) the increase in development cost incurred in the construction and completion of projects; and (3) the increase in investments in the joint ventures. Aligned with this, total liabilities also increased, primarily attributable to the combined effect of (1) the additional borrowings obtained; (2) increase in accounts payable; and (3) increase in deferred revenue.

The Group's current ratio as at 31st December 2013 was 2.20 (2012: 1.97). Equity at 31st December 2013 increased 23% to HK\$55,157 million from 31st December 2012, primarily due to the combined effect of (1) increase in profit attributable to equity holders during the year; (2) increase in share premium; and (3) increase in currency translation differences reserve. The net-asset-value ("NAV") per share as at 31st December 2013 was HK\$24.56.

Liquidity and Financial Position

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements.

As at 31st December 2013, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 59% (2012: 62%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 59% (2012: 69%).

As at 31st December 2013, the Group had cash and short-term bank deposits amounting to HK\$6,579 million (2012: HK\$5,589 million), of which approximately HK\$5 million (2012: HK\$139 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 94.35% of the cash and bank deposits were denominated in Renminbi, 4.90% in Hong Kong dollars and 0.75% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$34,787 million as at 31st December 2013, representing an increase of 0.8% or HK\$288 million as compared to those as at 31st December 2012. Gearing ratio, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 59%, representing a decrease of 10 percentage points from 69% as at 31st December 2012. The decrease was mainly attributable to the combined effect of the increase in the equity and balance of bank deposits.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2016 and 2018 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 83% and 11% respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31st December 2013 was as follows:

<i>(HK\$ million)</i>	As at 31st December 2013				As at 31st December 2012					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		
1 year	9,473	—	2,477	11,950	(29%)	15,521	—	2,418	17,939	(46%)
1–2 years	9,840	—	—	9,840	(24%)	7,128	—	—	7,128	(18%)
2–5 years	15,068	4,586	—	19,654	(46%)	11,606	2,292	—	13,898	(35%)
After 5 years	406	—	—	406	(1%)	244	—	—	244	(1%)
Total	34,787	4,586	2,477	41,850		34,499	2,292	2,418	39,209	
Less: Cash and bank deposits				(6,579)					(5,589)	
Net borrowings				<u>35,271</u>					<u>33,620</u>	

As at 31st December 2013, the Group had banking facilities of approximately HK\$70,791 million (2012: HK\$64,402 million) for short-term and long-term bank loans, of which HK\$36,004 million (2012: HK\$29,903 million) were unutilised.

Charge on Assets

As at 31st December 2013, certain assets of the Group with an aggregate carrying value of HK\$32,840 million (2012: HK\$26,012 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 31st December 2013, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,077 million (2012: HK\$9,616 million).

Commitments

The Group's commitments as at 31st December 2013 were as follows:

	As at 31st December 2013 <i>HK\$ million</i>	As at 31st December 2012 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Acquisition of land and equity interests in certain entities	5,567	10,692
— Property construction costs	2,580	3,726
— Capital contribution to an associate	273	264
	8,420	14,682
Authorised but not contracted for		
— Acquisition of land and equity interests in certain entities	31	101
— Property construction costs	1,429	1,663
	1,460	1,764
	9,880	16,446
Property development commitments		
Contracted but not provided for		
— Property construction costs	21,154	23,740
Authorised but not contracted for		
— Property construction costs	53,097	74,779
	74,251	98,519

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	As at 31st December 2013 <i>HK\$ million</i>	As at 31st December 2012 <i>HK\$ million</i>
Amounts payable		
— Within one year	28	33
— Within two to five year	15	39
— After five years	38	37
	<u>81</u>	<u>109</u>

With continuous cash inflow from property sales, the banking facilities available and the cash on hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

EMPLOYEES

As at 31st December 2013, the Group, excluding its associates and joint ventures, employed a total of 9,422 (as at 31st December 2012: 9,023) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$877 million (2012: HK\$765 million) for the year ended 31st December 2013.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31st December 2013, except for the code provisions A.4.1, A.5.6 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision A.5.6 stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Nomination Committee of the Company reviewed the board composition from time to time and was satisfied that the board diversity had been achieved notwithstanding that a written policy had not been formally adopted prior to the amendment of the Listing Rules becoming effective on 1st September 2013. A written board diversity policy was formally adopted in November 2013.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2013 due to other business commitment.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

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

During the year ended 31st December 2013, the Company repurchased a total of 13,884,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
July 2013	4,948,000	9.30	8.81	45,234,570
August 2013	1,490,000	9.73	9.38	14,305,780
September 2013	462,000	9.80	9.38	4,433,820
October 2013	2,020,000	9.50	9.07	18,990,040
November 2013	2,774,000	9.50	9.17	26,011,480
December 2013	<u>2,190,000</u>	9.10	8.71	<u>19,597,920</u>
	<u>13,884,000</u>			<u>128,573,610</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totalling approximately HK\$127,588,000 were charged to the reserves.

The repurchases of shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 14th June 2013, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2013.

Subsequent to 31st December 2013, the Company repurchased a total of 1,450,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
February 2014	<u>1,450,000</u>	<u>7.82</u>	<u>7.09</u>	<u>10,752,280</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totalling approximately HK\$10,641,000 were charged to the reserves.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2013.

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

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the CG Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10th June 2014 to Friday, 13th June 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 13th June 2014, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9th June 2014.

ANNUAL REPORT

The 2013 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Zheng Shao Hui and Mr. Xie Bao Xin; and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 27th March 2014