ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1064)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 (the "Annual Results"), together with the comparative figures and the relevant explanatory notes, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	2	**38,304**	35,055
Other income		**712**	403
Changes in fair value of investment properties		**154,578**	80,342
Administrative expenses		**(25,673)**	(19,906)
Finance costs	3	**(10,431)**	(10,865)
PROFIT BEFORE TAX	4	**157,490**	85,029
Income tax expense	5	**(42,189)**	(23,890)
PROFIT FOR THE YEAR		**115,301**	61,139
Attributable to:			
Ordinary equity holders of the Company		**24,740**	13,729
Non-controlling interests		**90,561**	47,410
		115,301	61,139
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK$0.16**	HK$0.09
Diluted		**HK$0.16**	HK$0.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000*
PROFIT FOR THE YEAR	**115,301**	61,139
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to the income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**62,792**	39,525
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**178,093**	100,664
Attributable to:		
Ordinary equity holders of the Company	**44,041**	25,220
Non-controlling interests	**134,052**	75,444
	178,093	100,664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,132**	7,515
Investment properties		**3,951,360**	3,700,000
Investments in joint ventures		**–**	–
Total non-current assets		**3,958,492**	3,707,515
CURRENT ASSETS			
Properties held for sale		**42,357**	41,364
Trade receivables	8	**9,070**	12,482
Prepayments, deposits and other receivables		**15,234**	18,218
Cash and bank balances		**42,033**	24,782
Total current assets		**108,694**	96,846
CURRENT LIABILITIES			
Trade payables	9	**(3,850)**	(3,429)
Tax payable		**(37,734)**	(33,335)
Other payables and accruals		**(52,336)**	(41,590)
Interest-bearing bank and other borrowings		**(8,330)**	(7,698)
Total current liabilities		**(102,250)**	(86,052)
NET CURRENT ASSETS		**6,444**	10,794
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,964,936**	3,718,309
NON-CURRENT LIABILITIES			
Loan from a director		**(81,894)**	(79,975)
Due to a director		**(158,811)**	(147,959)
Long term other payables		**(129,052)**	(123,607)
Interest-bearing bank and other borrowings		**(43,153)**	(50,569)
Deferred tax liabilities		**(827,567)**	(769,833)
Total non-current liabilities		**(1,240,477)**	(1,171,943)
Net assets		**2,724,459**	2,546,366
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**15,140**	15,140
Reserves		**824,255**	780,214
		839,395	795,354
Non-controlling interests		**1,885,064**	1,751,012
Total equity		**2,724,459**	2,546,366

Notes:

1.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 12, HKFRS 13 and HKAS 1 Amendments, the adoption of the new and revised HKFRSs has had no significant effect on these financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

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

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

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

(d) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to the income statement at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents gross income from letting investment properties, after elimination of all significant intra-group transactions less any applicable turnover taxes.

For management purposes, the Group is organised into business units based on their services and two reportable operating segments as follows:

(a) the property investment segment, which invests in properties located in Mainland China for generating potential income from letting; and

(b) the corporate and others segment, which provides management services to group companies.

The management of the Group (the "Management") monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from operations. The adjusted profit/(loss) before tax from operations is measured consistently with the Group's profit/(loss) before tax from operations except that other income and finance costs are excluded from such measurement. Segment assets exclude cash and bank balances as it is managed on a group basis. Segment liabilities exclude other payables, tax payable, deferred tax liabilities, interest-bearing bank and other borrowings and a loan from a director as these liabilities are managed on a group basis.

	Property investment		**Corporate and others**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**38,304**	35,055	**–**	–	**38,304**	35,055
Segment results	**178,490**	105,989	**(11,281)**	(10,498)	**167,209**	95,491
Other income					**712**	403
Finance costs					**(10,431)**	(10,865)
Profit before tax					**157,490**	85,029
Income tax expense					**(42,189)**	(23,890)
Profit for the year					**115,301**	61,139
Segment assets	**4,023,993**	3,778,266	**1,160**	1,313	**4,025,153**	3,779,579
Unallocated assets					**42,033**	24,782
Total assets					**4,067,186**	3,804,361
Segment liabilities	**299,955**	281,512	**44,094**	35,073	**344,049**	316,585
Unallocated liabilities					**998,678**	941,410
Total liabilities					**1,342,727**	1,257,995
Other segment information:						
Capital expenditure	**5,442**	14,614	**–**	–	**5,442**	14,614
Depreciation	**350**	398	**194**	221	**544**	619
Changes in fair value of investment properties	**154,578**	80,342	**–**	–	**154,578**	80,342
Interest on loan from a director	**6,305**	6,155	**–**	–	**6,305**	6,155

Geographical information

Revenues are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets. No geographical information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

Information about major customers

Revenues from four (2012: four) customers, each of whom accounted for revenue exceeding 10% of the Group's total revenues, amounted to approximately HK$38,304,000 (2012: HK$35,055,000).

3. FINANCE COSTS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**803**	903
Bank loans wholly repayable over five years	**3,297**	3,771
Finance lease	**26**	36
Loan from a director	**6,305**	6,155
	10,431	10,865

4. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Depreciation	**544**	619
Bank interest income	**(90)**	(66)
Income from letting investment properties, net	**(38,304)**	(35,055)
Changes in fair value of investment properties	**(154,578)**	(80,342)

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

5. INCOME TAX EXPENSE

	Group	
	2013	2012
	HK$'000	*HK$'000*
Group:		
Current – elsewhere		
Charge for the year	**3,544**	3,804
Deferred	**38,645**	20,086
Total tax charge for the year	**42,189**	23,890

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

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. The subsidiaries established in Mainland China are subject to income taxes at tax rate of 25% (2012: 25%) after the effective date of the Corporate Income Tax Law of the People's Republic of China on 1 January 2008.

6. FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$24,740,000 (2012: HK$13,729,000), and the number of ordinary shares of 151,404,130 (2012: 151,404,130) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the current and prior years.

8. TRADE RECEIVABLES

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

	Group			
	2013		2012	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**9,070**	**100**	12,482	100

The Group generally grants a credit term of 3 months to 12 months to its customers.

The age of the Group's trade receivables is based on the date of recognition of turnover and the due date of instalments as stipulated in the sale contracts. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. TRADE PAYABLES

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

	Group			
	2013		2012	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 1 year	**1,198**	**31**	3,187	93
More than 1 year	**2,652**	**69**	242	7
	3,850	**100**	3,429	100

The age of the Group's trade payables is based on the dates of the goods received or services rendered. The trade payables are non-interest-bearing.

FINANCIAL REVIEW

The Group recorded a turnover of HK$38,304,000 (2012: HK$35,055,000) for the year ended 31 December 2013. Net profit for the year attributable to ordinary equity holders of the Company was HK$24,740,000 (2012: HK$13,729,000).

The Group generally financed its operations with internally generated cash flows and banking facilities during the year.

Cash and bank balances of the Group as at 31 December 2013 amounted to HK$42,033,000 (2012: HK$24,782,000).

As at 31 December 2013, the Group had outstanding borrowings of approximately HK$133,377,000 (2012: HK$138,242,000) comprising interest-bearing bank loans amounted to HK$51,132,000 (2012: HK$57,740,000), finance lease payable amounted to HK$351,000 (2012: HK$527,000) and a loan from a director amounted to HK$81,894,000 (2012: HK$79,975,000). Of the Group's interest-bearing bank loans, 16%, 17%, 51% and 16% respectively were repayable within one year or on demand, in the second year, in the third to fifth years, inclusive, and over five years.

As at 31 December 2013, the secured bank loans of HK$51,132,000 (2012: HK$57,740,000) and the finance lease payables of HK$351,000 (2012: HK$527,000) of the Group bore interest at floating interest rates and a fixed interest rate, respectively. The secured bank loan of HK$11,162,000 (2012: HK$13,865,000) and finance lease payables of the Group are denominated in Hong Kong dollars. HK$39,970,000 (2012: HK$43,875,000) of the secured bank loans are denominated in Renminbi ("RMB").

The Group's gearing ratio as at 31 December 2013 was 0.03 (2012: 0.04), calculated based on the Group's interest-bearing bank and other borrowings and loan from a director of HK$133,377,000 (2012: HK$138,242,000) over total assets of HK$4,067,186,000 (2012: HK$3,804,361,000). The Group's gearing was maintained at a relatively low level during the year.

BUSINESS REVIEW

The Company is an investment holding company. Its subsidiaries are principally engaged in property investment and development in Mainland China and have two property interests, one in Chongqing (重慶市) and the other in Guangzhou (廣州市).

Guang Yu Square (港渝廣場), a 16-storey plus a basement commercial building, is situated at the most prime commercial area at Chaotianmen (朝天門), Yuzhong District (渝中區), Chongqing (重慶市). Chaotianmen is one of the major clothing wholesale points in Chongqing while Guang Yu Square is the most popular clothing and footwear wholesale centre in the region.

The property interest in Guangzhou (廣州市) is situated at the most prime commercial area in Yuexiu District (越秀區), Guangzhou. It is planned that the development site will be developed into a versatile grade A commercial building complex with wholesale and exhibition hall facilities and with an objective to be the landmark of the Yuexiu District. The development site is comprised of three contiguous land parcels located at the east of Jiefang Road South (解放南路), to the south of Daxin Road (大新路), to the north of Yede Road (一德路) and to the west of Xieen Road (謝恩里), Yuexiu District and is wholly owned by Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) ("Guangzhou Zheng Da") which in turn Zheng Da Real Estate Development Co. Ltd. ("Zheng Da") has 100% interest.

Guangzhou Zheng Da was set up as a Sino-foreign joint venture by Zheng Da as the foreign partner and a third party as the Sino partner in Guangzhou in December 1993. Since its formation, the Sino partner has not provided any capital or management support to Guangzhou Zheng Da to a material extent. Pursuant to the terms of the Enforcement Rules of the Joint Venture Agreement (合作合同實施細則) (the "Enforcement Rules") executed in 1994, the Sino partner agreed to surrender its entire interest in Guangzhou Zheng Da except those benefits specified in the Enforcement Rules and therefore Zheng Da assumed 100% interest in Guangzhou Zheng Da.

The Group acquired a 25% indirect interest in Zheng Da in December 2007 while the remaining 75% interest to be completed by the Group not later than 30 June 2014 at an aggregate consideration of RMB1,361,100,000 (approximately HK$1,701,375,000). Details of the intended acquisition, including terms and conditions, consideration and settlement mechanism, and their amendments thereafter were disclosed in the Company's circular dated 26 November 2007 (the "Circular") and the Company's announcements dated 31 March 2009, 29 June 2009, 17 December 2009, 22 June 2010, 24 June 2011, 28 June 2012 and 26 June 2013 (primarily refers to the deferment of the long stop date for completion of the acquisition from 31 March 2009 to 30 June 2014).

Pending for re-developing into a commercial complex, the development site is presently comprised of a 2-storey non-permanent commercial podium and a car park for loading and offloading inventory. With a history of over one century for footwear wholesale business in the area surrounding the development site, the commercial podium is the most popular footwear boutique showcase and wholesale centre in Guangzhou.

The development project was initially planned to be completed within a period of 15 years but its progress was interrupted by the modifications of municipal planning in the region from time to time in the past years. Pursuant to the terms of the relevant joint venture agreement, the joint venture period of Guangzhou Zheng Da is from 31 December 1993 to 31 December 2008 and can be further extended at the request of either foreign or sino partner upon maturity. In December 2008, both Guangzhou Zheng Da and its foreign partner, Zheng Da, agreed to extend the joint venture period by 15 years with effect from 1 January 2009 in accordance with the provisions of the articles of Guangzhou Zheng Da but 越秀房地產開發經營公司 ("越秀國企"), its sino partner, had become dormant a couple of years ago and therefore its consent could not be obtained. On the other hand, it appeared that another enterprise named 越秀房地產開發經營有限公司 ("越房私企"), a privately owned enterprise which acquired certain assets (but not included any interest in Guangzhou Zheng Da (if any)) from 越秀國企 some years ago, claimed that it had taken up the interest in Guangzhou Zheng Da (if any) from 越秀國企, but that was not the case. As such, in late December 2008, Guangzhou Zheng Da served a writ against 越房私企 at the Yuexiu District People's Court (越秀區人民法院) demanding for confirmation of disqualification of 越房私企 from the sino partnership (if any) of the subject joint venture. The relevant judgement has been issued in July 2009 with rulings endorsing the forfeiture of the partnership qualification and legal entitlements of 越房私企 in the joint venture. 越房私企 then filed an appeal petition (the "Appeal") at the Guangzhou Municipal Middle People's Court (廣州市中級人民法院) (the "Guangzhou Court") in August 2009. An hearing was made in October 2009 and no further hearings had been made since then. Both Guangzhou Zheng Da and Zheng Da have not yet received a valid judgement in writing issued by the Guangzhou Court in accordance with the relevant PRC laws and due judicial procedures. Further details about the developments of, and events incidental to the Appeal were disclosed in the Company's announcement dated 25 March 2013. Both Guangzhou Zheng Da and Zheng Da are looking forward to receiving a formal and legally valid verdict, notice or directive in relation to the Appeal to be granted by the Guangzhou Court or its higher court in accordance with the relevant PRC laws and due judicial procedures. Taking into account the latest rulings granted by the Yuexiu District People's Court in July 2009, the facts and legal grounds substantiated at the first hearing of the Appeal, and the opinion given by the PRC legal counsels and advisors, the Group remains optimistic in obtaining a favourable judgement in the Appeal.

BUSINESS PROSPECTS

Despite the State Council has been taking stricter measures to cool down the booming property market in most cities, the Group remains optimistic in the development potential and prospects of the property market in Mainland China in the medium to long term spectrum. The Group also considers that the location spread of its investment property projects in Chongqing, the capital city of the western China, and Guangzhou, the capital city of the southern China, may, to a better extent, diversify the business risks of different economic magnitude of the two regions.

The Group expects that the investment potential of the Guang Yu Square (港渝廣場) will be further improved in the medium term, as the Chongqing Municipal Government has been undergoing a major urban re-development (城市改造工程) at Chaotinanmen (朝天門) so that most old and poorly managed buildings surrounding the Guang Yu Square will be demolished and new infrastructure facilities will be constructed in coming years. To couple with this major urban re-development, the Group is refurbishing the Guang Yu Square to upgrade its facilities and exterior design and thereafter, it was believed that it will have a positive effect to the revenue from the property.

In respect of the investment project in Guangzhou (廣州市), it is planned that the development site will be developed into a versatile grade A commercial building complex with wholesale and exhibition hall facilities. Upon the completion of the project, it is anticipated that significant revenue can be generated for the Group and, more importantly, it can create more job opportunity and economic benefit to Guangzhou. That being said, the construction schedule of the development project has been deferred pending to the outcome of the lawsuit. As such, the development site is currently operating as a non-permanent commercial podium for footwear boutique showcase and wholesale centre so as to maximize the revenue for the Group before the completion of the project.

With the continuous quantitative easing policies from the United States in the past, the global economic environment is apparently showing a steady recovery. Despite the market expectation of the increase in interest rate in the coming years shortly, the Federal Reserve of the United States has reaffirmed that such increase in the federal fund rate would be moderate and in slow progress, and, hence, the property market will probably be able to maintain a stable growth in the foreseeable future under such low interest rate environment.

In addition, as a result of the internationalization of the renminbi, it was expected in the long term that the exchange rate of renminbi will appreciate gradually against other currencies. As such, it was anticipated that more foreign investment will be attracted to China and help to alleviate the extremely tight money flow in the market.

Having considered these matters, the Directors will keep on a cautious approach in its property development projects on hand and re-mapping its business directions for the coming three years and are of the view that the Group should diversify its business. It is foreseen that the engagement in renewable energy and related industries will be a new business model all over the world in the forthcoming years.

Given the strong asset backing and low gearing ratio for the Group's financial position, the Group may take on these advantages to explore new business opportunities in 2014 and 2015. The Directors will also strengthen its management expertise and redeploy the Group's resources for meeting these new challenges.

Looking ahead, the Directors are confident and optimistic about the Group's future prospects.

Furthermore, as stated in the Company's announcement dated 26 June 2013, the Group and its counter parties executed a supplemental agreement to explore opportunity to arrive any revised terms for the settlement of and the consideration for, and completion timetable in relation to the acquisition of the remaining 75% indirect interest in Zheng Da not later than the revised long stop date which was further deferred to 30 June 2014. If a revised agreement is concluded, it is anticipated that the acquisition will be financed by debt financing, equity financing, bank borrowings or a combination of the three kinds. If in case the acquisition lapses on 30 June 2014, no party shall be liable to each other. If this happens, the Group will no longer deem control over the Zheng Da group and there will be a major accounting adjustment to the consolidated accounts of the Company for the year ending 31 December 2014 to the effect that the Zheng Da group will be regarded as an associated company with a 25% equity interest but not a 25% owned subsidiary of the Company. Further announcement will be made once a concrete decision is made by the Group.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the bye-laws of the Company, the Managing Director of the Company shall not be subject to retirement by rotation. However, the Managing Director of the Company had voluntarily retired by rotation every three years and offered himself for re-election at the Company's general meetings in the past years. The Directors consider that this practice is in line with the spirit of the relevant practice of the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry to the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

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

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

AUDIT COMMITTEE

The Annual Results had been reviewed by the Audit Committee of the Company.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Group for the year ended 31 December 2013 containing all information required by Appendix 16 of the Listing Rules will be sent to the shareholders of the Company as well as released on the web site of the Stock Exchange as soon as practicable.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 25 March 2014

As at the date of this announcement, the board of directors of the Company comprises: (i) Ho Kam Hung as executive director; (ii) Young Kwok Sui as non-executive director; and (iii) Tam Kong, Lawrence, Wong Miu Ting, Ivy and Wong Kui Fai as independent non-executive directors.

* *For identification purposes only*