中國水務地產集團有限公司
CHINA WATER PROPERTY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2349)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

KEY FINANCIAL HIGHLIGHTS

- Turnover was approximately HK$368.3 million, increased by 36% compared with HK$271.4 million in 2012.
- A net gain of approximately HK$235.1 million was arising from disposal of investment properties of land parcels in Guangzhou.
- Profit for the year of the Group was approximately HK$137.8 million, increased by 107% compared with HK$66.7 million in 2012.
- Profit for the year attributable to owners of the Company was approximately HK$85.6 million, increased by 74% compared with HK$49.1 million in 2012.
- Total assets of the Group were approximately HK$5,148.9 million, increased by 25% compared with HK$4,129.4 million in 2012.
- Total equity attributable to owners of the Company was approximately HK$1,767.0 million, increased by 11% compared with HK$1,599.0 million in 2012.
- In July 2013, the Group succeeded in entering the property market in Qianmen Avenue Commercial Zone, central district of Beijing City.
- In November 2013, the Group successfully issued HK$350.0 million 12.5% senior notes due 2016.

The board (the "Board") of directors (the "Directors") of China Water Property Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013, together with the comparative figures for the previous year. These results principally relate to the business of the Group engaging in property development, property investment, hotel business and property management in the People's Republic of China (the "PRC") for the year ended 31 December 2013:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Continuing operations			
Turnover	*3a*	**368,265**	271,374
Cost of sales		**(243,833)**	(180,517)
Gross profit		**124,432**	90,857
Fair value gain in respect of investment properties revaluation		**34,260**	282,779
Gain on disposal of investment properties		**235,139**	–
Other operating income	*3b*	**1,821**	1,699
Selling and distribution expenses		**(18,906)**	(17,772)
Administrative expenses		**(128,792)**	(120,001)
Finance costs	*5*	**(31,358)**	(39,689)
Profit before tax		**216,596**	197,873
Income tax expense	*7*	**(78,798)**	(87,785)
Profit for the year from continuing operations	*6*	**137,798**	110,088
Discontinued operation			
Loss for the year from discontinued operation	*8*	**–**	(43,428)
Profit for the year		**137,798**	66,660

	Note	2013 HK$'000	2012 HK$'000
Profit for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**85,591**	91,906
Loss for the year from discontinued operation		**–**	(42,816)
Profit for the year attributable to owners of the Company		**85,591**	49,090
Non-controlling interests			
Profit for the year from continuing operations		**52,207**	18,182
Loss for the year from discontinued operation		**–**	(612)
Profit for the year attributable to non-controlling interests		**52,207**	17,570
Profit for the year		**137,798**	66,660
		HK Cents	*HK Cents*
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**4.66**	2.75
Diluted		**4.42**	2.70
From continuing operations			
Basic		**4.66**	5.15
Diluted		**4.42**	4.84

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**137,798**	66,660
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation	**29,319**	12,670
Items that will not be reclassified to profit or loss:		
Fair value gain in respect of properties prior to its reclassification as investment properties	**–**	7,930
Deferred taxation recognised on fair value change of properties prior to its reclassification as investment properties	**–**	(1,983)
Other comprehensive income for the year	**29,319**	18,617
Total comprehensive income for the year (net of tax)	**167,117**	85,277
Total comprehensive income attributable to:		
Owners of the Company	**112,014**	67,707
Non-controlling interests	**55,103**	17,570
	167,117	85,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Prepaid lease payments		**40,348**	–
Property, plant and equipment		**56,984**	69,964
Investment properties		**2,081,013**	2,079,012
Goodwill		**174,605**	174,605
Prepayment for acquisition of an intangible asset		**56,051**	22,724
Available-for-sale investment		**12,658**	–
		2,421,659	2,346,305
Current assets			
Inventories		**858**	938
Inventory of properties		**1,711,400**	1,456,297
Trade and other receivables	*11*	**496,912**	148,614
Prepaid tax		**264**	257
Prepaid lease payments		**18,988**	–
Bank balances and cash		**322,222**	124,986
Pledged bank deposits		**176,588**	51,953
		2,727,232	1,783,045
TOTAL ASSETS		**5,148,891**	4,129,350
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**185,872**	180,872
Reserves		**1,581,130**	1,418,157
Equity attributable to owners of the Company		**1,767,002**	1,599,029
Non-controlling interests		**233,809**	169,316
TOTAL EQUITY		**2,000,811**	1,768,345

	Note	2013 *HK$'000*	2012 *HK$'000*
Non-current liabilities			
Deferred tax liabilities		**362,645**	388,708
Borrowings — due after one year		**604,060**	466,049
Convertible notes		**69,596**	66,932
Senior notes		**330,027**	–
Deposits received for sale and lease of properties — non-current portion		**39,211**	113,578
Deferred income — non-current portion		**2,929**	11,665
		1,408,468	1,046,932
Current liabilities			
Trade and other payables	*12*	**670,263**	523,488
Deposits received for sale and lease of properties — current portion		**134,601**	220,139
Tax payable		**114,948**	27,212
Amounts due to non-controlling shareholders of subsidiaries		**2,818**	10,354
Amounts due to related parties		**254,526**	162,766
Borrowings — due within one year		**561,139**	364,354
Deferred income — current portion		**1,317**	5,760
		1,739,612	1,314,073
TOTAL LIABILITIES		**3,148,080**	2,361,005
TOTAL EQUITY AND LIABILITIES		**5,148,891**	4,129,350
NET CURRENT ASSETS		**987,620**	468,972
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,409,279**	2,815,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

China Water Property Group Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 October 2002.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 June 2003. The addresses of its registered office and principal place of business are disclosed in the section headed "Corporate Information" of the Group's Annual Report.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively, to as the "Group") are property development, property investment, hotel business and property management in the PRC. The Group was also engaged in production and distribution of snack food, convenient frozen food and other food products which was discontinued in 2012 (Details are set out in Note 8).

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans
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
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the new or revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

New and revised HKFRSs issued but not yet effective

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 cycle[2]
HKFRS 9	Financial Instruments[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures[4]
HKFRS 10, HKFRS 12 and HKAS 27(Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

Except as described below, the Directors of the Company do not anticipate that the application of the above amendments will have a significant impact 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 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

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 new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. TURNOVER AND OTHER OPERATING INCOME

An analysis of turnover and other operating income for continuing operations is as follows:

	2013	2012
	HK$'000	*HK$'000*
(a) Turnover:		
Sales of properties	**287,818**	180,140
Rental income	**31,269**	51,343
Hotel operation income	**42,396**	33,034
Property management income	**6,782**	6,857
Total turnover	**368,265**	271,374
(b) Other operating income:		
Interest income	**1,418**	636
Sundry income	**403**	1,063
Total other operating income	**1,821**	1,699

4. SEGMENT INFORMATION

The accounting policies of the operating segments are the same as the Group's accounting policies in the preparation of the Group's consolidated financial statements.

The Group's operating segments are identified on the basis of annual reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. Specifically, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions, which is the same information reported to the chief operating decision maker.

The Group's operating segments are as follows:

— Property Development Business Segment engages in development of property projects in the PRC

— Property Investment Business Segment engages in leasing of investment properties in the PRC

— Hotel Business Segment engages in operation of hotel in the PRC

— Property Management Business Segment engages in provision of property management and other services in the PRC

The Group involved in production and distribution of snack food, convenient frozen food and other food products (the “discontinued operation”). This operation was discontinued with effect from 11 June 2012. The segment information reported does not included any amounts for the discontinued operation, details of which are set out Note 8.

Segment revenues and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segments.

For the year ended 31 December 2013

Continuing operations

	Property Development Business *HK$'000*	Property Investment Business *HK$'000*	Hotel Business *HK$'000*	Property Management Business *HK$'000*	Total *HK$'000*
TOTAL REVENUE AND EXTERNAL SALES	**287,818**	**31,269**	**42,396**	**6,782**	**368,265**
RESULT					
Segment operating results before impairment	**33,375**	**14,256**	**(8,524)**	**(165)**	**38,942**
Fair value gain in respect of investment properties revaluation	**–**	**34,260**	**–**	**–**	**34,260**
Gain on disposal of investment properties	**–**	**235,139**	**–**	**–**	**235,139**
Unallocated corporate income					**305**
Unallocated corporate expense					**(60,692)**
Finance costs					**(31,358)**
Profit before tax					**216,596**
Income tax expense					**(78,798)**
Profit for the year					**137,798**

For the year ended 31 December 2012

Continuing operations

	Property Development Business *HK$'000*	Property Investment Business *HK$'000*	Hotel Business *HK$'000*	Property Management Business *HK$'000*	Total *HK$'000*
TOTAL REVENUE AND EXTERNAL SALES	180,140	51,343	33,034	6,857	271,374
RESULT					
Segment operating results before impairment	(6,608)	26,350	(13,310)	953	7,385
Fair value gain in respect of investment properties revaluation	–	282,779	–	–	282,779
Unallocated corporate income					236
Unallocated corporate expense					(52,838)
Finance costs					(39,689)
Profit before tax					197,873
Income tax expense					(87,785)
Profit for the year					110,088

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Continuing Operations

	Property Development Business		Property Investment Business		Hotel Business		Property Management Business		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Goodwill	**174,605**	174,605	**–**	–	**–**	–	**–**	–	**174,605**	174,605
Inventory of properties	**1,711,400**	1,456,297	**–**	–	**–**	–	**–**	–	**1,711,400**	1,456,297
Investment properties	**–**	–	**2,081,013**	2,079,012	**–**	–	**–**	–	**2,081,013**	2,079,012
Other assets	**387,454**	290,472	**433,247**	2,050	**109,680**	60,139	**1,525**	1,045	**931,906**	353,706
Segment assets	**2,273,459**	1,921,374	**2,514,260**	2,081,062	**109,680**	60,139	**1,525**	1,045	**4,898,924**	4,063,620
Unallocated corporate assets									**249,967**	65,730
Consolidated assets									**5,148,891**	4,129,350
LIABILITIES										
Segment liabilities	**2,081,234**	1,859,005	**322,384**	161,288	**4,633**	3,345	**3,847**	2,262	**2,412,098**	2,025,900
Unallocated corporate liabilities									**735,982**	335,105
Consolidated liabilities									**3,148,080**	2,361,005
OTHER INFORMATION										
Additions to property, plant and equipment	**252**	619	**–**	70	**4**	1,047	**148**	269	**404**	2,005
Depreciation of property, plant and equipment	**3,413**	3,458	**173**	173	**9,722**	9,460	**63**	50	**13,371**	13,141
Write-off of property, plant and equipment	**294**	–	**–**	–	**–**	–	**–**	–	**294**	–
Write-off of trade and other receivables	**–**	3,568	**–**	–	**–**	–	**–**	–	**–**	3,568
Additions to investment properties	**–**	–	**151,665**	431,419	**–**	–	**–**	–	**151,665**	431,419
Amortisation of prepaid lease payments	**–**	–	**3,906**	93	**–**	–	**–**	–	**3,906**	93

Geographical Information

The Group operates in the two principal geographical areas — Hong Kong and the PRC.

The Group's turnover from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed as below:

	Revenue from external customer		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**734**	1,940
The PRC	**368,265**	271,374	**2,420,925**	2,344,365
	368,265	271,374	**2,421,659**	2,346,305

Information of major customers

The revenues from external customers are attributed to places on the basis of the customer's location. For the year ended 31 December 2013 and 2012, no single external customers accounted for 10% or more of the Group's consolidated turnover.

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Interest expense on bank loans and other borrowings wholly repayable within five years	**112,799**	83,186
Effective interest expense on convertible notes	**5,111**	4,915
Effective interest expense on senior notes	**4,501**	–
	122,411	88,101
Less: amounts capitalised in the cost of qualifying assets	**(91,053)**	(48,412)
	31,358	39,689

6. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**53,971**	49,437
Equity-settled share-based payment	**19,849**	–
Retirement benefits scheme contributions, including contributions for directors	**1,605**	1,245
Total staff costs	**75,425**	50,682
Auditor's remuneration	**1,173**	1,200
Amortisation of prepaid lease payments	**3,906**	93
Depreciation of property, plant and equipment	**14,639**	19,053
Loss on disposal of property, plant and equipment	**–**	3,774
Write-off of property, plant and equipment	**294**	–
Write-off of trade and other receivables	**–**	3,568
Operating lease rental expenses in respect of rented premises	**28,229**	26,384

	2013	2012
	HK$'000	*HK$'000*
Gross rental income from investment properties	**(31,269)**	(51,343)
Less: Direct operating expenses from investment properties that generate rental income during the year	**7,276**	5,475
	(23,993)	(45,868)

7. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax ("EIT")	**65,756**	6,674
Land Appreciation Tax ("LAT") in PRC		
Current year	**34,819**	10,416
Under provision in prior year	**10,228**	–
Current tax charge for the year	**110,803**	17,090
Deferred tax (credit) charge for the year	**(32,005)**	70,695
	78,798	87,785

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in Hong Kong for both years.

The Group's PRC EIT is calculated based on the applicable tax rates on assessable profits, if applicable. PRC LAT is levied at the applicable tax rate 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. DISCONTINUED OPERATION

On 24 April 2012, the subsidiaries of the Company entered into a sale and purchase agreement (the "Agreement") to dispose their equity interests in Honfine Company Limited, Wah Yuen Foods (Hong Kong) Company Limited, Million Riches Development Limited and Wah Yuen Licensing Company Limited (hereafter collectively refer as "Sale Companies"), which are principally engaged in the distribution of food products, and dispose of machineries and inventories of certain subsidiaries of the Company, which are related to the production of food products and are mainly related to the business of the Sale Companies (collectively refer to as "Disposal Group"), to Auto Success Limited, a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") at a consideration of HK$25,000,000, subject to adjustments. (the "Disposals")

The Disposals were completed on 25 July 2012, on which the control of Sale Companies were passed to Auto Success Limited and the adjusted consideration was HK$16,336,000.

The results of the discontinued operation during 1 January 2012 to 25 July 2012, which have been included in the profit or loss, were as follows:

	1.1.2012 to 25.7.2012 *HK$'000*
Turnover	12,099
Cost of sales	(10,241)
Gross profit	1,858
Selling, distribution and administrative expenses	(10,870)
Other operating income	50
Finance costs	(579)
Impairment on property, plant and equipment	(31,791)
Write-off of inventories	(62)
Write-off of trade and other receivables	(22,752)
Loss before tax from discontinued operation	(64,146)
Income tax expense	(186)
Loss for the period from discontinued operation	(64,332)
Net gain on disposal from discontinued operation	20,904
Total loss for the period from discontinued operation	(43,428)
Attributable to:	
Owners of the Company	(42,816)
Non-controlling interests	(612)
	(43,428)
Loss for the period from discontinued operation has been arrived at after charging (crediting):	
Staff costs	3,160
Retirement benefits scheme contributions	66
	3,226
Auditors' remuneration	–
Depreciation of property, plant and equipment	153
Amortisation of prepaid lease payments	4
Interest income	(50)
Cash flows from discontinued operation:	
Net cash inflow from operating activities	1,666
Net cash inflow from investing activities	3,335
Net cash outflow from financing activities	(6,609)
Cash outflow from discontinued operation	(1,608)

9. DIVIDENDS

The Directors do not recommend the payment of a dividend for the years ended 31 December 2013 and 2012.

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable is based on the earnings attributable to owners of the Company of approximately HK$85,591,000 (2012: approximately HK$49,090,000) and on the weighted average ordinary share of 1,835,572,176 (2012: 1,784,065,327 shares) deemed to be in issue during the year.

The calculation of diluted earnings per share is based on the following data:

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**85,591**	49,090
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**5,111**	4,915
Earnings for the purpose of diluted earnings per share	**90,702**	54,005

	2013	2012
	share(s)	*share(s)*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,835,572,176**	1,784,065,327
Effect of dilutive potential ordinary shares:		
Convertible notes	**215,683,682**	215,683,682
Share options	**2,829,640**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,054,085,498**	1,999,749,009

From continuing operations

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company:	**85,591**	49,090
Less:		
Loss for the year from discontinued operation	**–**	(42,816)
Earnings for the purpose of basic earnings per share	**85,591**	91,906
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**5,111**	4,915
Earnings for the purpose of diluted earnings per share	**90,702**	96,821

From discontinued operation

It has no discontinued operation during year 2013 and no earnings per share provided accordingly. For the year ended 31 December 2012, basic loss per share for the discontinued operation was HK2.40 cents, based on the loss for the year from the discontinued operation of HK$42,816,000 and the denominators detailed above for basic loss per share. Diluted loss per share was not presented because the impact of the conversion of convertible notes and the exercise of share options were anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**12,425**	7,676
Less: Allowance for doubtful debts	**–**	–
	12,425	7,676
Prepayments for construction work	**44,893**	103,841
Receivable on disposal of subsidiaries	**879**	2,731
Receivable on disposal of investment properties	**372,911**	–
Other receivables, prepayments and other deposits *(note)*	**65,804**	34,366
	496,912	148,614

Other receivables, prepayments and other deposits included an amount of approximately HK$15,050,000 and approximately HK$8,658,000 (2012: approximately HK$12,690,000 and HK$nil) for the repair and maintenance deposit paid to the government and utility deposit and amount due from non-controlling shareholder of a subsidiary respectively.

An aging analysis of trade receivables (net of allowance of doubtful debts) is as follows:

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**11,704**	7,196
91 to 180 days	**213**	229
Over 180 days	**508**	251
	12,425	7,676

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

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 1-3 months 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 1-3 months from the issuance of invoices for customers.

The average credit period on sales of goods was 90 days. The Group normally provides fully for those receivables overdue over 365 days and has no material transactions with the Group during the year. Allowances for doubtful debts are recognised based on estimated irrecoverable amounts determined by reference to past default experiences of the counterparty and an analysis of the counterparty's current financial position. When the Group was satisfied that no recovery of the amount owing is possible, the amount considered irrecoverable was written off against the financial asset and provided for in the profit or loss accordingly and have no material transactions with the Group during the year. The Group did not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables at the end of the reporting period:

	THE GROUP	
	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**291,237**	179,664
91 to 180 days	**1,139**	70
Over 180 days	**20,906**	25,944
Trade payables	**313,282**	205,678
Interest payables	**52,743**	19,136
Accrued expenses	**22,100**	19,674
Other tax payable	**10,667**	27,340
Properties under redevelopment consideration payable *(note a)*	**–**	69,259
Other payables *(note b)*	**271,471**	182,401
	670,263	523,488

Trade payables principally comprise amounts outstanding for purchase of construction materials and construction work of properties under development and investment properties.

The average credit period of trade payables is three to six months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

note a: The amount as at 31 December 2012 represented consideration payable to relevant PRC authorities for the change of the use of land located in Guangzhou from industrial use to commercial-residential use. To the best knowledge and information to Directors and in accordance with the relevant requirement, a consideration payable is based on 30% of the market value of the land, which is determined by the relevant PRC authorities.

note b: The other payables included approximately HK$116,491,000 and HK$16,363,000 (2012: approximately HK$137,318,000 and HK$9,630,000), being advances from independent third parties and deposit received from vendor for construction work respectively. The amounts from independent third parties are unsecured, non-interest bearing and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in property development, property investment, hotel business and property management strategically focusing on first to second tier cities in the PRC. At present, the Group's development projects primarily located in Beijing, Nanjing, Wuhan and Hangzhou. The Group develops a well-diversified portfolio including residential properties, shopping malls, office buildings, villa and hotels in first to second tier cities in the PRC as its focus, which can provide a comprehensive and sustainable growing momentum to the Group.

Result Summary

The consolidated turnover of the Group from continuing operations increased by 36% from HK$271.4 million for the year ended 31 December 2012 to HK$368.3 million for the year ended 31 December 2013. The revenues from properties sales were HK$287.8 million mainly arising from sales of the Future Mansion in Wuhan and Mei Lai International Centre in Hangzhou, the revenues from property leasing, hotel business and property management business were HK$31.3 million, HK$42.4 million and HK$6.8 million respectively.

The overall gross profit from continuing operations increased by 37% to HK$124.4 million in 2013 from HK$90.9 million in 2012, while the gross profit margin increased to 34% in 2013 from 33% in 2012. The Group also had net fair value gains on revaluation of various investment properties of HK$34.3 million for the year ended 31 December 2013. Upon the disposal of land parcels in Guangzhou, the Group recorded a net gain of HK$235.1 million.

The profit attributable to owners of the Company increased by 74% to HK$85.6 million for the year ended 31 December 2013 from HK$49.1 million in 2012. Basic earnings per share attributable to owners of the Company increased to HK4.66 cents compared with HK2.75 cents in 2012. The Board does not propose any final dividend for the year ended 31 December 2013.

Business Review

The PRC Property Development Business

During the year ended 31 December 2013, the Group's revenue from property development business amounted to HK$287.8 million, representing growth of approximately 60%, compared with HK$180.1 million in 2012. Aggregate gross floor area ("GFA") sold for the year was 21,299 square meters ("sq.m."), representing an increase of 53% from 13,954 sq.m. in 2012. Average selling price ("ASP") was approximately HK$13,514 for the year.

The Group's development projects now include Zhongshui • Longyang Plaza (previously known as "Wuhan Economic & Technological Development Zone Future City") in Wuhan and Mei Lai International Centre and Qiandao Lake Villa in Hangzhou. To respond the uncertainties in the PRC property market, the Group keeps its adopted flexible and balanced approach in controlling the progress of developing projects and acquisition of new projects to mitigate the operating risks and keeps the Group in a healthy and sound position.

All projects are under development in accordance with their development plans.

The PRC Property Investment Business

Wuhan Future City Commercial Property Management Company Limited* ("Commercial Company") was formed by the Group to operate the Future City Shopping Centre ("Shopping Centre") owned by the Group, which held its grand opening in late August 2011. The Shopping Centre has total leasable area of approximately 55,362 sq.m. with car park included. The Shopping Centre now becomes a fashionable, dynamic and international shopping centre to cater the growing demand from the surrounding business centres and university region (more than twenty universities and tertiary education institutions including Wuhan University and Wuhan University of Technology) with 1,000,000 students and residential consumers.

During the year, a tenancy-mix optimisation project was initiated in order to further improve the earning efficiency of the Shopping Centre. A decrease in both rental income and occupancy rate was noted during the project was carried out. During the year ended 31 December 2013, the rental income arising from the Shopping Centre was approximately HK$31.3 million and the average occupancy rate is around 57%. As at 31 December 2013, the fair value of the Shopping Centre recorded HK$1,327.8 million. The operation of the Shopping Centre provided a steady cash inflow to the Group in addition to the possible capital appreciation.

During the year ended 31 December 2013, Hangzhou Mei Lai Commercial Property Management Company Limited* was formed by the Group to prepare the operation of the commercial part of Mei Lai International Centre in Yuhang district of Hangzhou. Mei Lai International Centre is completed its construction in December 2013. The commercial part has approximately 58,310 sq.m. with car park included. Mei Lai International Centre is located in new Central Business District in Yuhang district of Hangzhou and adjacent to the south station of Shanghai-Hangzhou High-Speed Railway and also the terminal of Hangzhou metro line No. 1, which is already in use in late 2012, it is expected Mei Lai International Centre can meet the increasing needs from residential and office customers nearby. As at 31 December 2013, the fair value of the commercial part of Mei Lai International Centre recorded HK$753.2 million.

Further, upon the foods business discontinued by the Group in mid-2012, the industrial land in Guangzhou was held as investment properties under redevelopment. With reference to the announcement made by the Company dated 16 September 2013, the land was disposed through the tendering processes held by Guangzhou Municipal Land Resources and Housing Administrative Bureau and the Group recorded a net gain of HK$235.1 million arising from the disposal.

The PRC Hotel Business

Wuhan Future City Hotel Management Company Limited* ("Hotel Company"), a wholly owned subsidiary of the Group, manages a business hotel ("Future City Hotel") with around 400 rooms, which is featured as one of the largest all suite business hotels in number of rooms in Central China. Easy access to the East Lake and universities and government authorities attracts travelers from different levels. Future City Hotel is well-equipped with function rooms and conference rooms to provide services of banquet and business conference and team of hospitality professionals was recruited to deliver personalised services to customers.

* *For identification purposes only*

In June 2013, Future City Hotel won an award of "Top 10 Most Welcome Boutique Business Hotel 2013"* presented by the China Travel and Hotel Management Association (the "CTHMA"). The award was by poll from PRC residents in national wide and the professional judges from the CTHMA. At the same time, Future City Hotel was also qualified as vice president unit of CTHMA. The award and qualification was a significant recognition of Future City Hotel by both Chinese public as well as hotel professionals.

During the year ended 31 December 2013, the revenue arising from Future City Hotel was approximately HK$41.0 million and the average occupancy rate is around 83%.

Chunan Yuehuzhuang Hotel Company Limited* was formed by the Group to operate 3 villas, the clubhouse and the yacht berths of Qiandao Lake Villa project as a featured hotel under the name "Yuehuzhuang Hotel". The hotel commenced its trial operation and during, the year ended 31 December 2013, recorded a revenue of approximately HK$1.4 million.

The PRC Property Management Business

Wuhan Future City Property Management Company Limited* ("Property Company"), a wholly owned subsidiary of the Group, provides residents and tenants with safe, modern, comfortable and high quality property management services. The servicing areas reached 190,654 sq.m..

During the year ended 31 December 2013, the revenue from property management was approximately HK$6.8 million.

Discontinued Operation — Wah Yuen Foods Business

Packaged Food and Convenience Frozen Food Products

The food product segment offers a wide variety of quality snack products in unique Asian flavours under the brand of "Wah Yuen" with over 50 years of brand building in Hong Kong and also "Rocco" and "采楓" brands in the PRC.

Given the consistent efforts to return the foods business to profitability in vain, the Group had taken place the restructuring to discontinue the foods business in previous year. The related disposal was completed in July 2012 and therefore its operating result has been classified as discontinued operation for current and prior years. The result from discontinued operation reflected the net loss of approximately HK$43.4 million. The net loss from discontinued operation including impairment charges on property, plant and equipment, inventories and receivables after the comprehensive review of carrying amounts were charged to the statement of profit or loss as a loss for the year in 2012 from discontinued operation. No result was included in current year.

* *For identification purposes only*

Group Projects

Wuhan City, Hubei

Future City

Future City is a large-scale integrated composite development located at Luo Shi Road South within close proximity to the Luoyu Road shopping belt and the upcoming stations of metro line No. 2 and 7, in which line No. 2 was completed and in use since late 2012. Future City is situated in the heart of business and commercial centre of Hongshan District in Wuhan City, convenient to East Lake, Wuhan University, Wuhan University of Technology and other landmarks in the neighbourhood with 1,000,000 students and residential consumers. Future City covers a total site area of 19,191 sq.m. with a total GFA of approximately 145,273 sq.m. and comprises of five high-rise residential towers, a four-story premier shopping centre and parking spaces. The project is completed stepwisely in 2010 and 2011 and the Future City shopping centre held its grand opening in late August 2011.

Future Mansion

Future Mansion is located at a prime location at Wuluo Road in Hongshan District in Wuhan City, just 600 meters from Future City project. It is near the conjunction of metro line No. 2 and 7, in which line No. 2 was completed and in use in late 2012. It has a total site area of 5,852 sq.m. and been developed for a composite building of residential apartments and retail shops with GFA of approximately 42,149 sq.m.. The project is completed and under sale since second half year of 2012.

Zhongshui • Longyang Plaza (Previously known as "WEDZ Future City")

Zhongshui • Longyang Plaza is strategically situated in the prime location between the Wangjiawan business area and national level Wuhan Economic & Technological Development Zone, delineated in the western Wuhan Middle Ring Road, next to the Hanyang bus terminal and adjacent to Longyang Avenue. The project has a land site of 30,625 sq.m. and is atop the Longyang Station of metro line No. 3 which is currently under construction. This integrated complex will be developed for splendorous shopping mall and luxurious office apartments with planned GFA of approximately 135,173 sq.m. The project is under construction and planned to pre-sell in 2014.

Hangzhou City, Zhejiang

Mei Lai International Centre

Mei Lai International Centre is strategically located in Yuhang District, which is designated as part of the new Central Business Centre of Hangzhou City, delineated in the southern of intersection of Yingbin Road, Wengmei Road and Nanyuan Street. The integrated complex occupies a total site area of 16,448 sq.m. and is adjacent to the south station of Shanghai-Hangzhou High-Speed Railway and also the terminal of Hangzhou metro line No. 1, which is already in use in late 2012. The total GFA of approximately 114,610 sq.m.. The development comprises of grade-A office block with work loft setting, two high-rise premium apartment towers and a premier shopping centre and parking spaces. The project is completed its construction and under sale since late 2013.

Qiandao Lake Villa

This development occupies a site area of approximately 44,016 sq.m. in Qiandao Lake in Hangzhou City. It is a low-density lakefront precinct with 26 detached villas featuring luxurious settings, inclusive of lift, garage, swimming pool, yards and complemented by a full-facility clubhouse. The total planned GFA is approximately 33,493 sq.m.. The location enjoys spectacular unobstructed lake view and conveniently accessible to Hangzhou City, Shanghai and Mount Huang by either high-speed railway or expressway. The project will be completed in three phases, in which phase one is completed, and phases two and three are under construction.

Nanjing City, Jiangsu

Hohai Project

The project is located at Nangjing Gulou District No. 1 Xikang Road, next to the main campus entrance of Hohai University. As the Jiangsu province government office is situated along Xikang Road, it is the political, economic and academic centre of Nanjing. The project has a total land site of 5,030 sq.m. and total planned GFA of approximately 34,759 sq.m. with five-star hotels, international meeting areas and commercial centres. The project is under construction and planned to complete in late 2014/early 2015.

Beijing

Qianmen Project

The project is situated at Qianmen Avenue land parcel B14 (the "Land"), Beijing, the PRC, with a land site area of approximately 10,487 sq.m.. The Land is located at the core area of central Beijing City, which is a Beijing traditional commercial street near Tiananmen Square and Dashilar Street as well as significant political and administrative areas. Upon the completion of the premises, its planned total GFA is approximately 38,876 sq.m. and comprise of 1 storey and 3 levels below ground, mainly for the use of as a theme hotel and culture club and related property businesses (subject to government approval). The Group have the rights to develop and operate the structures aboveground and the area located on the first floor belowground, which have an aggregate GFA of approximately 17,660 sq.m.. The project is under planning.

The following table set forth an overview of the Group's property projects as at 31 December 2013:

Project	**City**	**Equity Interest in the Project**	**Site Area**	**Total GFA/ Planned GFA**
			sq.m.	*sq.m.*
Completed Projects				
Future City	Wuhan	100%	19,191	145,273
Future Mansion	Wuhan	100%	5,852	42,149
Qiandao Lake Villa (Phase I)	Hangzhou	60%	13,100	6,578
Mei Lai International Centre	Hangzhou	60%	16,448	114,610
Subtotal			54,591	308,610
Projects under development				
Zhongshui • Longyang Plaza	Wuhan	100%	30,625	135,173
Qiandao Lake Villa (Phase II & III)	Hangzhou	60%	30,916	26,915
Hohai Project	Nanjing	70.6%	5,030	34,759
Subtotal			66,571	196,847
Properties held for development				
Qianmen Project	Beijing	70%+	10,487	17,660
Subtotal			10,487	17,660

\+ *As at 31 December 2013, the Joint Venture Company was not yet formed. The proposed equity interest in the project of the Group is 70%.*

Financial Review

Turnover

Turnover of the Group for the year increased to HK$368.3 million from HK$271.4 million, an increase of 36% compared with last year. The revenue of property development increased from HK$180.1 million in 2012 to HK$287.8 million in 2013. The increase was mainly due to an increase in revenue from sales of residential properties, in which the total GFA recognised during the year was 21,299 sq.m., representing an increase of 53%, compared with the total GFA of 13,954 sq.m. recognised in last year.

The revenue from property leasing and property management business decreased from HK$51.3 million in 2012 to HK$31.3 million in 2013 and from HK$6.9 million in 2012 to HK$6.8 million in 2013 respectively, while revenue from hotel business increased from HK$33.0 million in 2012 to HK$42.4 million in 2013.

Cost of Sales

The cost of sales increased from HK$180.5 million in 2012 to HK$243.8 million in 2013, primarily due to the increase in total GFA recognised in 2013, where the cost of properties sold including development costs, land costs and borrowing costs.

During the year, the Group's cost of sales was also attributable by property investment segment of HK$7.3 million, an increase of HK$1.8 million compared with 2012, and by hotel business and property management business of HK$43.6 million and HK$4.9 million respectively, an increase of HK$3.7 million and HK$0.6 million compared with 2012 respectively.

Gross Profit and Gross Profit Margin

The gross profit increased by HK$33.5 million from HK$90.9 million in 2012 to HK$124.4 million in 2013. The Group has a gross profit margin of 34% in 2013, as compared with 33% in 2012. The slightly increase in the gross profit margin was primarily due to a shift in sales-mix of properties, in which a higher proportion of properties with higher profit margin were sold including Future Mansion commercial properties and residential properties of Mei Lai International Centre during the year.

Other Operating Income

Other operating income increased by 6% to HK$1.8 million in 2013 from HK$1.7 million in 2012. This increase was primarily due to an increase in bank interest income.

Change In Fair Value of the Investment Properties

There was a net gain of approximately HK$34.3 million in 2013 arising from change in fair value of the investment property portfolio in the PRC held by the Group.

Gain on disposal of investment properties

The net gain of disposal of investment properties of HK$235.1 million was arising from the disposal of the land parcels in Guangzhou, which was classified as investment properties under redevelopment in previous year. The land was disposed through the tendering processes held by Guangzhou Municipal Land Resources and Housing Administrative Bureau, details of which were disclosed in the announcement of the Company dated 16 September 2013.

Selling and Distribution Expenses

The selling and distribution expenses increased by 6% to HK$18.9 million in 2013 from HK$17.8 million in 2012, primarily due to increased expenses of advertising and promotion for properties sales.

Administrative Expenses

The administrative expenses increased by 7% to HK$128.8 million in 2013 from HK$120.0 million in 2012, primarily due to one-off share-based payment, one-off directors' bonus, increased development projects and diversed operating teams during the year compared with 2012.

Finance Costs

The finance costs decreased by 21% to HK$31.4 million in 2013 from HK$39.7 million in 2012. As the Group raised more borrowings specific for the property development projects, finance cost form relevant borrowings taken as capitalised costs increased in 2013.

Income Tax Expense

The income tax decreased by 10% to HK$78.8 million in 2013 from HK$87.8 million in 2012. The decrease was primarily attributable to deferred tax credit in relation to the fair value change of investment properties, that was net with an increase in provision for enterprise income tax and also land appreciation tax, which were contributed mainly by the increase in sales of residential properties and profit arising from the properties sold during the year.

Discontinued Operation

The result from Wah Yuen foods business was classified as discontinued operation. For the year ended 31 December 2012, the result from discontinued operation reflected the net loss of HK$43.4 million. No result was included in 2013.

Profit Attributable to owners of the Company

The profit attributable to owners of the Company for the year increased by 74% to HK$85.6 million in 2013 from HK$49.1 million in 2012.

Liquidity, Financial and Capital Resources

The Group has strengthened its financial position by share placement to raise about HK$33.0 million on 19 June 2013 and, on 28 November 2013, the Company issued HK$350.0 million 12.5% senior notes due 2016 at 98.78% for financing existing and new property projects and for general corporate purposes.

Total bank deposits and cash (including pledged bank deposits) of the Group amounted to HK$498.8 million as at 31 December 2013. The Group's net debt was increased by HK$345.6 million to HK$1,066.0 million, which was made up of HK$1,564.8 million in debts and HK$498.8 million in bank deposits and cash. The total debts as at 31 December 2013 included short-term borrowings of HK$561.1 million, long-term borrowings of HK$604.1 million, senior notes of HK$330.0 million and liability component of convertible notes of HK$69.6 million. The Group's bank borrowings bear floating rate and were primarily denominated in Hong Kong dollar and Renminbi. The Renminbi borrowings were principally used to fund the Group's property development in the PRC.

The total assets of the Group increased by HK$1,019.5 million, or 25%, from HK$4,129.4 million in 2012 to HK$5,148.9 million in 2013. The Group had net current assets of HK$987.6 million, consisting of HK$2,727.2 million of current assets and HK$1,739.6 million of current liabilities. The net current assets increased by HK$518.6 million from the net current assets of HK$469.0 million as at 31 December 2012. The current ratio (current assets divided by current liabilities) was 1.57 (31 December 2012: 1.36).

As at 31 December 2013, the Group's shareholders' equity increased by 11% from HK$1,599.0 million to HK$1,767.0 million and the ratio of net debt to shareholders' equity was 60%, compared 45% as at 31 December 2012.

Future Plans and Prospects

The Group is dedicated to the core properties businesses in property development, property investment, hotel business and property management in the PRC. In view of the development trend of the property market in the PRC, CWP principally focuses on first-tier cities such as Beijing and Shanghai, and prime second-tier cities and strategic provincial cities in the PRC. CWP adheres firmly the formulated operational strategy and prudent financial management philosophy focusing on developing quality properties and providing quality services to our customers with healthy balance sheet and modest gearing.

The Group is seeking and assessing land acquisition opportunities in first- and second-tier cities through various channels and networks including the government land auction, searching for companies with land use rights and properties, as well as other developers and business partners who present land acquisition opportunities, as such, the Group would be able to build up and maintain a quality land bank portfolio at competitive prices to enable the Group to develop profitable projects sustainably.

Global financial and capital market still clouded with uncertainties including initiation of the tapering of quantitative easing policies and pace of economy recoveries. Domestically, the property administrative control measures are expected to continue to remain in place in near future. Looking ahead, Central Government shall implement economic and financial structural reforms policies, meanwhile it will foster urbanisation and domestic consumption to maintain a steady and sustainable economic growth and promote healthy business environment. 2014 is a challenging year with opportunities. CWP remains cautious about the market conditions as well as national policy changes. CWP adopts a balanced approach to capture opportunities amid these uncertainties and challenges and to create value for the shareholders.

With a management team comprised of property development expertise, commercial property professionals and hotel management team and the strong supports from shareholders, the Group is confident and positive about bringing superior values to shareholders with its business strategies and competitive edges and to enhance its brand and reputation in the PRC property market. The Group will balance the development and growth with its resources, and keep a healthy and sound financial position.

EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE AND INTEREST RATE

The Group principally operates the property development, property investment, hotel business and property management in the PRC and most of the transactions are settled in Renminbi. The conversion of Renminbi into foreign currencies or Hong Kong dollars is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The usual treasury policy of the Group is to manage significant currency exposure and minimise currency risk whenever it may have material impact on the Group. The Group did not engage in hedging activities designed or intended to manage currency risk during the year ended 31 December 2013.

The Group is exposed to interest rate risks, primarily related to the borrowings with floating interest rates as at 31 December 2013. The Group undertook primarily debt obligations to support its property development and general working capital needs. The fluctuations in interest rates affect the cost of financing and may lead to fluctuations in the fair value of the debt obligations of the Group. The results of the Group are also affected by changes in interest rates due to the impact such changes have on interest income from the bank deposits.

PLEDGE OF ASSETS

As at 31 December 2013, certain bank deposits, certain land and buildings together with relevant land use rights and certain investment properties with an aggregate carrying amount of approximately HK$3,314.9 million were pledged as security for certain banking facilities granted to the Group.

CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2013, the Group had capital commitments in connection with the property development activities amounted to HK$480.7 million, primarily related to construction costs on projects under development and expenditures related to future property developments and investments.

The Group had capital commitments in respect of its prepayment of acquisition of an intangible asset, authorised but not contracted in the consolidated financial statements, amounting to not more than HK$229.9 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the total number of employees stood at approximately 404. Total staff costs (including the equity-settled share-based payment) for the year under review were approximately HK$75.4 million. The Group offers its workforce comprehensive remuneration and employees' benefits packages.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by Directors.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2013, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

(1) Code Provision A.1.3

Under this code provision A.1.3, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. Although the ad-hoc meetings of the Board had convened the when circumstances required, the Company has given the sufficient notice to all directors and validly convened pursuant to the articles of Association (the "Articles") of the Company.

(2) Code Provision A.4.2

Under this code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. According to the Articles, at each annual general meeting, one third of the Directors shall retire from office by rotation provided that notwithstanding anything therein, the chairman of the Board of the Company (the "Chairman") shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the Chairman should not be subject to retirement by rotation.

(3) Code Provision A.6.7

Under this code provision A.6.7 of the CG Code, which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, one executive Director, certain non-executive Directors and one independent non-executive Director could not attend the extraordinary general meeting of the Company held on 27 May 2013 (the "EGM") and the annual general meeting of the Company held on 18 June 2013 (the "2013 AGM"). However, at the respective general meeting of the Company, there were one executive Director and at least two independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company (the "Shareholders").

(4) Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Due to another business engagement, Mr. Duan Chuan Liang, the Chairman of the Board, was unable to attend the EGM and the 2013 AGM. However, Ms. Wang Wenxia, the vice chairman and executive Director, took the chair of that meetings, and two independent non-executive Directors, being the delegate of the audit, remuneration and nomination committees of the Company were present thereat to be available to answer any question to ensure effective communication with the Shareholders.

Except as stated above, the Company has continued to comply with the applicable code provisions of the CG Code.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive Directors only, and the majority thereof must be independent non-executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee is accountable to the Board and the primary duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. The audit committee currently comprises Mr. Wong Chi Ming, Mr. Chan Pok Hiu and Mr. Wang Jian, who are the independent non-executive Directors of the Company.

The audit committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2013.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group's auditor, HLM CPA Limited ("HLM") to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM 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 HLM on this announcement.

By order of the Board
China Water Property Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 25 March 2014

As at the date of this announcement, the Board comprises Ms. Wang Wenxia (Vice Chairman and Chief Executive Officer) and Mr. Ren Qian as executive Directors, Mr. Duan Chuan Liang (Chairman) and Mr. Zhou Kun as non-executive Directors and Mr. Chan Pok Hiu, Mr. Wong Chi Ming and Mr. Wang Jian as independent non-executive Directors.