众安房产
ZHONG AN REAL ESTATE

眾安房產有限公司*
ZHONG AN REAL ESTATE LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 672)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2009	2008	Percentage of increase
Revenue (RMB million)	**1,624**	1,438	13
Profit attributable to owners of the parent (RMB million)	**409**	254	61
Basic and diluted earnings per share (RMB)	**0.21**	0.13	62

The board of directors (the "Board") of Zhong An Real Estate Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009 together with the comparative amounts for the previous year. The annual results have been reviewed by the audit committee of the Company:

CONSOLIDATED INCOME STATEMENT

	Notes	**2009**	2008
		RMB'000	*RMB'000*
Revenue	*5*	**1,624,476**	1,437,841
Cost of sales		**(1,075,750)**	(941,291)
Gross profit		**548,726**	496,550
Other income	*5*	**18,710**	57,475
Selling and distribution costs		**(41,228)**	(45,387)
Administrative expenses		**(106,830)**	(101,607)
Other expenses		**(42,444)**	(60,851)
Increase in fair value of investment properties		**293,743**	104,235
Finance costs	*6*	**(437)**	(8,240)
Profit before tax	*7*	**670,240**	442,175
Income tax expense	*8*	**(227,975)**	(159,860)
Profit for the year		**442,265**	282,315
Attributable to:			
Owners of the parent		**408,917**	253,986
Minority interests		**33,348**	28,329
		442,265	282,315
Earnings per share attributable to ordinary equity holders of the parent (RMB)	*9*		
Basic and diluted		**21 cents**	13 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**442,265**	282,315
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**1,420**	(53,321)
Total comprehensive income for the year	**443,685**	228,994
Attributable to:		
Owners of the parent	**410,337**	200,665
Minority interests	**33,348**	28,329
	443,685	228,994

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2009**	2008
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**190,812**	200,739
Investment properties		**1,608,800**	1,146,500
Properties under development		**1,275,367**	1,034,200
Goodwill		**–**	15,292
Available-for-sale investments		**3,300**	3,300
Long term prepayments		**1,692,205**	–
Deferred tax assets		**34,404**	20,188
Total non-current assets		**4,804,888**	2,420,219
CURRENT ASSETS			
Completed properties held for sale		**391,516**	219,171
Properties under development		**675,555**	1,326,318
Inventories		**7,193**	3,549
Trade receivables	*11*	**14,318**	10,857
Prepayments, deposits and other receivables		**451,621**	677,808
Pledged deposits		**29,348**	16,343
Cash and cash equivalents		**891,787**	1,652,098
Total current assets		**2,461,338**	3,906,144
CURRENT LIABILITIES			
Trade payables	*12*	**628,570**	485,222
Other payables and accruals		**335,950**	287,585
Advances from customers		**175,194**	368,986
Interest-bearing bank borrowings		**173,753**	142,117
Tax payable		**337,209**	251,139
Total current liabilities		**1,650,676**	1,535,049
NET CURRENT ASSETS		**810,662**	2,371,095
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,615,550**	4,791,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**2009**	2008
		RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,615,550**	4,791,314
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**891,036**	521,789
Deferred tax liabilities		**300,074**	227,073
Total non-current liabilities		**1,191,110**	748,862
Net assets		**4,424,440**	4,042,452
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**185,339**	185,339
Reserves		**4,094,690**	3,707,687
Proposed final dividends	*10*	**–**	38,853
		4,280,029	3,931,879
Minority interests		**144,411**	110,573
Total equity		**4,424,440**	4,042,452

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Zhong An Real Estate Limited (the "Company") is a limited liability company incorporated as an exempted company in the Cayman Islands on 13 March 2007 under the Companies Law (revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Group is principally engaged in property development, leasing and hotel operation. The Group's property development projects during the year are all located in Zhejiang and Anhui Provinces, the People's Republic of China (the "PRC"). There were no significant changes in the nature of the Group's principal activities during the year.

In the opinion of the Company's directors ("the Directors"), the holding company and ultimate holding company of the Company is Whole Good Management Limited, a company incorporated in the British Virgin Islands on 3 May 2007. Whole Good Management Limited is wholly owned by Mr. Shi Kancheng, Chairman, executive director and Chief Executive Officer of the Company.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value as explained in the accounting policies set out below. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

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

• IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs and* IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
• IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
• IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
• IFRS 8	*Operating Segments*
• IAS 1 (Revised)	*Presentation of Financial Statements*
• IAS 23 (Revised)	*Borrowing Costs*
• IAS 32 and IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation and* IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
• IFRIC 9 and IAS 39 Amendments	Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition* and *Measurement – Embedded Derivatives*
• IFRIC 13	*Customer Loyalty Programmes*
• IFRIC 15	*Agreements for the Construction of Real Estate*
• IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
• IFRIC 18	*Transfer of Assets from Customers*
• Improvements to IFRSs (May 2008)	*Amendments to a number of IFRSs*

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

• IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
• IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
• IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
• IFRS 3 (Revised)	*Business Combinations*
• IFRS 9	*Financial Instruments*
• IAS 24 (Revised)	*Related Party Disclosures*
• IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
• IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation Classification of Rights Issues*
• IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
• IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
• IFRIC 17	*Distribution of Non-cash Assets to Owners*
• IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
• Amendments to IFRS 5 included in Improvements to IFRSs issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*

Apart from the above, Improvements to IFRSs 2009 has been issued which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

(a) the property development segment which develops and sells properties in the PRC;

(b) the property rental segment which leases investment properties in the PRC;

(c) the hotel operations segment which owns and operates a hotel; and

(d) the others segment comprises, principally, the Group's property management services business, which provides management and security services to residential and commercial properties.

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, the amount due to the ultimate holding company, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2009	**Property development** *RMB'000*	**Property rental** *RMB'000*	**Hotel Operations** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment revenue:					
Sales to external customers	**1,530,263**	**41,601**	**47,173**	**5,439**	**1,624,476**
Intersegment sales	**–**	**–**	**–**	**6,958**	**6,958**
	1,530,263	**41,601**	**47,173**	**12,397**	**1,631,434**
Reconciliation:					
Elimination of intersegment sales					**(6,958)**
Revenue					**1,624,476**
Segment results	**399,458**	**286,853**	**2,522**	**(20,964)**	**667,869**
Reconciliation:					
Interest income					**18,327**
Share option expenses					**(15,519)**
Finance costs					**(437)**
Profit before tax					**670,240**
Segment assets	**4,636,889**	**1,668,086**	**392,864**	**826,186**	**7,524,025**
Reconciliation:					
Elimination of intersegment receivables					**(1,218,972)**
Corporate and other unallocated assets					**961,173**
Total assets					**7,266,226**
Segment liabilities	**1,811,506**	**50,431**	**9,717**	**487,032**	**2,358,686**
Reconciliation:					
Elimination of intersegment payables					**(1,218,972)**
Corporate and other unallocated liabilities					**1,702,072**
Total liabilities					**2,841,786**
Other segment information:					
Depreciation and amortisation	**4,717**	**193**	**11,308**	**207**	**16,425**
Impairment losses recognised in the income statement	**33,292**	**–**	**–**	**–**	**33,292**
Capital expenditure	**5,207**	**1,947**	**–**	**–**	**7,154**

Year ended 31 December 2008	Property development *RMB'000*	Property rental *RMB'000*	Hotel Operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	1,351,794	30,486	46,685	8,876	1,437,841
Intersegment sales	120,300	–	–	–	120,300
	1,472,094	30,486	46,685	8,876	1,558,141
Reconciliation:					
Elimination of intersegment sales					(120,300)
Revenue					1,437,841
Segment results	293,711	127,117	2,166	(27,288)	395,706
Reconciliation:					
Interest income					54,709
Finance costs					(8,240)
Profit before tax					442,175
Segment assets	3,249,541	1,260,617	185,069	861,377	5,556,604
Reconciliation:					
Elimination of intersegment receivables					(944,440)
Corporate and other unallocated assets					1,714,199
Total assets					6,326,363
Segment liabilities	1,510,988	100,883	8,699	465,663	2,086,233
Reconciliation:					
Elimination of intersegment payables					(944,440)
Corporate and other unallocated liabilities					1,142,118
Total liabilities					2,283,911
Other segment information:					
Depreciation and amortisation	15,228	103	11,312	649	27,292
Impairment losses recognised in the income statement	48,636	–	–	–	48,636
Capital expenditure	9,376	216	–	–	9,592

Geographical information

All of the Group's revenue is derived from customers based in the PRC and all of the non-current assets of the Group are located in Mainland China.

Information about a major customer

No sales to a single customer or a group of customers under the common control derived 10% or more of the Group's revenue for the years ended 31 December 2009 and 2008.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents income from the sale of properties, property leasing income, property management fee income and hotel operating income during the year, net of business tax and other sales related taxes and discounts allowed.

An analysis of revenue and other income is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Revenue		
Sale of properties	**1,619,024**	1,444,392
Property leasing income	**43,821**	32,091
Property management fee income	**5,462**	9,242
Hotel operating income	**50,024**	49,507
Less: Business tax and surcharges	**(93,855)**	(97,391)
	1,624,476	1,437,841
Other income		
Interest income	**18,327**	54,709
Government grants	**–**	2,300
Others	**383**	466
	18,710	57,475

6. FINANCE COSTS

	2009 *RMB'000*	2008 *RMB'000*
Interest on bank loans	**43,837**	66,968
Interest on other loans	**–**	3,396
Total interest	**43,837**	70,364
Less: Interest capitalised in properties under development *	**(43,400)**	(62,124)
	437	8,240
* Average interest rate of borrowing costs capitalised	**5.90%**	7.88%

7. PROFIT BEFORE TAX

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

	2009	2008
	RMB'000	*RMB'000*
Cost of properties sold	**1,049,671**	910,844
Depreciation	**16,425**	15,996
Amortisation of land use rights	**–**	11,296
Goodwill impairment	**15,292**	48,636
Minimum lease payments under operating leases:		
– Office premises	**3,596**	3,156
Auditors' remuneration	**2,496**	2,754
Staff costs including directors' remuneration:		
– Salaries and other staff costs	**45,701**	41,296
– Equity-settled share option expense	**15,519**	–
– Pension scheme contributions	**4,040**	2,181
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**1,527**	928
Write-off of other receivables	**6,247**	–
Impairment of other receivables	**18,000**	–
Changes in fair value of investment properties	**(293,743)**	(104,235)

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

On 16 March 2007, the PRC Corporate Income Tax Law (the "New CIT Law") was approved by the National People's Congress and became effective on 1 January 2008. Under the New CIT Law, the income tax rate became 25% starting from 1 January 2008. Therefore, provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2008: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	2009	2008
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax for the year	**119,880**	78,132
PRC land appreciation tax for the year	**49,310**	116,886
Deferred tax:		
Relating to origination and reversal of temporary differences	**58,785**	(35,158)
Total tax charge for the year	**227,975**	159,860

9. EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB408,917,000 (2008: RMB253,986,000) and the weighted average number of ordinary shares of 1,942,672,000 (2008: 1,974,812,000) in issue during the year.

No diluted earnings per share has been taken into consideration, since during the period from grant of share options to the end of the reporting period, the average quoted market price of ordinary shares is lower than the adjusted exercise price of the share options.

10. DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
Interim-RMB 0.02 (2008:Nil) per ordinary share	**38,853**	–
Proposed final-Nil (2008: RMB0.02) per ordinary share	**–**	38,853
	38,853	38,853

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly lease receivables on credit. The credit period is generally one month, extending up to three months for major customers. All balances of the trade receivables as at the end of the year are neither past due nor impaired.

Trade receivables are non-interesting-bearing and unsecured.

12. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within six months	**613,647**	472,654
Over six months but within one year	**6,495**	2,803
Over one year	**8,428**	9,765
	628,570	485,222

The above balances are unsecured and interest-free and are normally settled based on progress of construction. The fair values of the trade payables at the end of these years approximate to their corresponding carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

The consolidated revenue of the Group for 2009 was RMB1,624,476,000, an increase of 13% from that in 2008. The gross profit for 2009 was RMB548,726,000, an increase of 11% from that in 2008. The profit attributable to owners of the parent for 2009 was approximately RMB408,917,000, an increase of 61% from that in 2008. Core profits, which adjusted for net fair value gains in investment properties, increased to RMB221,958,000. The basic earnings per share was RMB0.21. On 26 April 2010, the Board resolved not to recommend the distribution of a final dividend for the year ended 31 December 2009 (2008: RMB0.02).

BUSINESS REVIEW

Sales and earnings

The area of property sold and delivered by the Group in 2009 was 174,950 sq. m. (2008: 244,099 sq.m.), a decrease of approximately 28% compared with that of 2008. During the year, most of the units in White Horse Noblel Mansion presold were recognised as revenue with a total area of 112,194 sq. m. in 2009, which accounted for approximately 64% of the total area of property sold and delivered throughout 2009.

The average sales price per sq. m. achieved by the Group in 2009 was approximately RMB9,254, representing an increase of approximately 56% from the average sales price per sq. m. of RMB5,920 in the previous year. The primary reasons were that the revenue attributable to White Horse Noble Mansion as compared to the total revenue of the Group represented a relatively higher proportion as the average sales price per sq.m. of the residences was RMB10,511 due to its prime location as compared to the property sales revenue attributable to Vancouver City and Landscape Garden to the total revenue of the Group represented a relatively lower proportion because of lower average sales price.

During the year, the total area sold for major projects of the Group and the respective revenue were as follows:

	Area sold	Revenue
	2009	**2009**
	sq.m.	*RMB million*
Hangzhou, Zhejiang Province		
White Horse Nobel Mansion	**112,194**	**1,179**
Others*	**11,116**	**119**
Hefei, Anhui Province		
Green Harbour	**40,750**	**297**
Huaibei, Anhui Province		
Vancouver City, Phase 2 North Section	**9,008**	**21**
Vancouver City, Phase 1 and Phase 2 South Section	**1,882**	**3**
Total	**174,950**	**1,619**

* Including: Landscape Garden, Guotai Garden, Zhong'an Garden, Yicheng Building, Material Market, Highlong Plaza and New White Horse Apartments.

The average cost of property sold per sq. m. of the Group was RMB6,000 in 2009, representing an increase of about 61% from RMB3,733 in the previous year. The main reason was that the cost of property sold of White Horse Noble Mansion, being RMB7,109 per sq.m., accounted for a relatively higher proportion in total cost of property sold of the Group.

Progress of development on major projects

Hangzhou, Zhejiang Province

Highlong Plaza

This is a large-scale integrated commercial development in Xiaoshan district, Hangzhou, which has a total area of 30,933 sq. m., and a total gross floor area ("GFA") of 141,433 sq. m. The project includes a Holiday Inn hotel of five-star standards, an office building, a shopping center, serviced apartments, and underground car parking spaces. The leasing rate of the shopping center and the office building was about 97% and 57% respectively and the occupancy rate of the hotel amounted to 47%. The serviced apartments were sublet to and managed by independent operators during the year under review.

White Horse Noble Mansion

This is a luxurious residence in Xihu District, Hangzhou, Zhejiang Province, which has a total GFA of 168,657 sq.m.. The construction works and the filing of required documents were completed by the end of 2009. The proceeds from pre-sale or the revenue of properties sold were recognized in the year. There are a small number of unsold units available for sale.

Landscape Bay
This is located on the south bank of Qiantang River, Xiaoshan District, Zhejiang Province with a total GFA of 324,339 sq. m.. The project includes island-style villas, high-rise apartments with river view, shopping center, car park spaces and clubhouse. As at 31 December 2009, the project was under construction. It is expected that the project will be completed in phases within the period from December 2010 to December 2011. The presale of villas has been launched in the first quarter of 2010.

Hefei City, Anhui Province
Green Harbour
Green Harbour is a low-density residential project in Hefei City, Anhui Province which includes townhouses and low-rise residences. The pre-sale revenue of Phase 1A was recognized in the year under review. As at the end of the year under review, Phase 1B with a GFA available for sale of 46,000 sq.m. was then under construction. It is expected the construction will be completed in mid-2010. The presale will be launched in second quarter of 2010.

Huaibei City, Anhui Province
Vancouver City
The pre-sale of Vancouver City, Phase 3A in Huaibei, Anhui Province, which has a GFA available for sale of 125,590 sq.m. was under construction in the year. It is expected that the construction will be completed by mid-2010.

Contract sales in 2009
As at 31 December 2009, the contract GFA available for sale sold by the Group was approximately 188,651 sq.m.. Set out below are the details on the contract sale from the major projects:

	GFA available for sale (sq. m.)	**Percentage of interest in the project attributable to the Group**
Hangzhou, Zhejiang Province		
New White Horse Apartments	4,061	90.0%
White Horse Noble Mansion	100,062	99.7%
Others*	2,440	–
	106,563	
Hefei, Anhui Province		
Green Harbour	27,028	84.15%
Huaibei, Anhui Province		
Vancouver City	55,060	95.0%
Total	188,651	

* Including: Landscape Garden, Guotai Garden, Zhong'an Garden, Yicheng Building, Material Market and Highlong Plaza.

It is expected that the GFA available for sale from the projects to be completed in 2010 was approximately 245,273 sq. m., details of which are as follows:

	Expected completion date	GFA available for sale (sq. m.)	Percentage of interest in the project attributable to the Group	Usage
Hangzhou, Zhejiang Province				
Landscape Bay – Phase 2	December 2010	73,683	92.6%	For sale
Hefei, Anhui Province				
Green Harbour, Phase 1B	June 2010	46,000	84.15%	For sale
Huaibei, Anhui Province				
Vancouver City, Phase 3A	June 2010	125,590	95%	For sale/for leasing
Total		245,273		

Land reserve

The land reserve policy of the Group is to maintain a land bank which is sufficient for development by the Group for approximately four to five years. As at 31 December 2009, the total GFA of the Group's land bank in Zhejiang Province and Anhui Province was approximately 3,671,204 sq. m. and 2,028,516 sq.m. respectively, aggregating to approximately 5,699,720 sq. m. in total.

During the year, there were additions of 3 plots of land to the land bank. They are located in Qiandaohu Town, Chunan County, Hanzhou, Zhejiang Province; Xiaoheshan, Yuhang District, Hanzhou, Zhejiang Province and Yuyao, Zhejiang Province. Such additions will enrich the Group's land bank and are expected to bring forth development, opportunities for the Group.

Details of land bank of the Group as at 31 December 2009:

Location of land	**Type of property**	**Total GFA** (sq. m.)	**GFA available for sale/leasing** (sq. m.)	**Percentage of interest in the project attributable to the Group**
Hangzhou, Zhejiang Province				
Landscape Bay, Ning Wei Town	Residential/retail spaces	324,339	248,230	92.6%
Huifeng Plaza	Residential	69,545	28,991	90.0%
Yinlong Chateau at Wenyan Town, Xiaoshan District	Residential/retail spaces/office	245,000	202,000	94.5%
International Office Centre, Phase A	Residential/office/hotel	843,400	683,300	100.0%
International Office Centre, Phase B & C	Residential/office/ retail spaces/hotel	1,444,000	1,018,400	100.0%
Chunan County, Qiandaohu Town	Residential/hotel	65,836	65,000	100.0%
Xiaoheshan, Yuhang District	Residential	303,434	286,424	90.0%
Yuyao, Zhejiang Province				
North to Shenggui Hill, west to Xingjian North Road and south to Beihuan West Road	Residential/office/ retail spaces/hotel	375,650	325,000	90.0%
Sub-total for land bank in Zhejiang Province		**3,671,204**	**2,857,345**	

	Type of property	Total GFA (sq. m.)	GFA available for sale/leasing (sq. m.)	Percentage of interest in the project attributable to the Group
Huaibei, Anhui Province				
Vancouver City Phases 3A to 3D	Residential/retail spaces	534,036	491,300	95%
Vancouver City Phases 4 to 6	Residential/retail spaces/hotel	684,880	654,200	95%
Hefei, Anhui Province				
Green Harbour Phases 1B and 1C	Residential	126,100	112,705	84.15%
Green Harbour Phase 2	Residential/retail spaces	128,200	87,300	84.15%
Green Harbour Phases 3 to 6	Residential/retail spaces/hotel	555,300	542,500	84.15%
Sub-total for land bank in Anhui Province		**2,028,516**	**1,888,005**	
Total land bank		**5,699,720**	**4,745,350**	

Recognition obtained by the Group

The Group was awarded by the government and recognized authorities during 2009 as follows:

	Awarding Organization	Award
March 2009	China Real Estate Top 10 Research Team	Zhejiang Zhong'an Property Development Co., Ltd. –"Star Developer of the Top 100 China Real Estate Development Companies 2009"
March 2009	CECA National Informatization Evaluation Center	Zhong An Real Estate Limited –"Top 500 Informatized Enterprises in China 2008"
March 2009	Co-organized by the China Real Estate Association, Enterprise Research Institute of the Development Research Center of the State Council, the Real Estate Research Institute of Tsing Hua University and the China Index Academy	Zhong An Real Estate Limited –"2009 China Top 100 Real Estate Companies" and "2009 Star of the Top 100 Real Estate Companies"
June 2009	Economic Digest	Zhong An Real Estate Limited –"Outstanding Domestic Real Estate Stock 2009"
July 2009	Industry and Market Research Professional Committee of the China Real Estate Association, Internet Society of China and Internet Marketing Committee of China	Zhejiang Zhong'an Property Development Co., Ltd. –"Hangzhou˙ The most popular leading company in the real estate industry among the Internet users" (「杭州 • 房地產行業最具網絡人氣領袖企業」)
October 2009	China Real Estate Top 10 Research Team	Zhong An Real Estate Limited –"2009 Top 10 Real Estate Enterprises by Brand Value in Eastern China"
November 2009	Hangzhou Xiaoshan Television Broadcast Station (杭州市蕭山廣播電視台) and the Construction Bureau of Xiaoshan District of Hangzhou (杭州市蕭山區建設局)	Zhong An Landscape Bay –"The Development Project with the Most Growth Potential in Xiaoshan" (蕭山最具增值潛力樓盤)
November 2009	China Academy of Real Estate and National Architecture Institute of China	Zhong An Real Estate Limited –"The Gold Award for the Best Design" (「最佳設計方案金獎」)

Human resources

As at 31 December 2009, the Group employed 995 staff (2008: 1,014 staff). In 2009, the staff cost of the Group was approximately RMB65,260,000 (2008: approximately RMB43,477,000), representing an increase of approximately 50%. The increase was mainly due to the share-based payments under the share option scheme adopted by the Company with effect from 15 May 2009 and the adoption of better remuneration policy to recruit staff with higher quality.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. To attract talented persons and stabilize the management, eligible participants (including employees of the Group) may be granted options to subscribe for shares of the Company pursuant to the share option scheme. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness.

Dividend policy

The Board shall determine the dividend policy of the Company according to the financial condition, operating results, capital requirements, shareholders' equity, contractual restraint and other factors considered relevant by the Board.

Financial analysis

Gross profit

For the year ended 31 December 2009, the Group recorded gross profit of RMB548,726,000, an increase of approximately 11% from RMB496,550,000 in the previous year. The main reason is the sales of White Horse Noble Mansion had a higher average selling price were accounted for in the year, which represented 64% of total area sold.

Net profit

The profit attributable to owners of the parent was RMB408,917,000, an increase of 61% from RMB253,986,000 in the previous year. The main reason was that the increase in fair value of investment property in 2009 was RMB293,743,000, an increase of RMB189,508,000 from that in 2008. Moreover, core profits for the year under review amounted to RMB221,958,000, an increase of RMB17,819,000 from that in 2008.

Capital structure

As at 31 December 2009, the Group had aggregate cash and cash equivalents (including pledged deposits) of RMB921,135,000 (2008: RMB1,668,441,000) and the current ratio was 1.5 (2008: 2.5). The decrease of cash and cash equivalents is due to the payments of the land acquired during the year under review. Those capital resources and the stable financial structure of the Group have provided strong support for the Group in seeking other real estate developing opportunities and accelerating expansion of business in the PRC.

As at 31 December 2009, the bank loans and other borrowings of the Group repayable within one year and after one year were RMB173,753,000 and RMB891,036,000 respectively (2008: RMB142,117,000 and RMB521,789,000 respectively).

The consolidated interest expenses in 2009 amounted to RMB437,000 (2008: RMB8,240,000) in total. Interests, in the amount of RMB43,400,000 (2008: RMB62,124,000) were capitalized during the year. Interest cover (including amount of interests capitalized) was 9.0 times (2008: 5.3 times).

As at 31 December 2009, the ratio of total liabilities to total assets of the Group was 39.1% (2008: 36.1%)

As at 31 December 2009, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 24.9% (2008: 16.9%). The ratio of bank loans and other borrowings to total assets was14.7 % (2008: 10.5%).

The gearing ratio of the Group (defined as net debt divided by the sum of shareholder's funds and net debt) was 21% (2008: (6)%).

Capital commitments

As at 31 December 2009, the capital commitments of the Group were RMB1,954,409,000 (2008: RMB568,744,000), which were mainly the capital commitments for land acquisition costs and construction costs. It is expected that the Group will finance such commitments from its own funds and external financing (such as bank loans).

Guarantees and contingent liabilities

As at 31 December 2009, the contingent liabilities of the Group was approximately RMB872,285,000 (2008: RMB116,295,000), which were mainly the guarantee given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

Pledge of assets

As at 31 December 2009, investment properties of the Group with net book value of approximately RMB1,596,400,000 (2008: approximately RMB1,134,900,000), properties under development of approximately RMB145,367,000 (2008: approximately RMB153,798,000), and, property and equipment approximately RMB158,392,000 (2008: 163,872,000) were pledged to secure the banking facilities of the Group.

As at 31 December 2009, pledged deposits of approximately RMB29,348,000 (2008: RMB16,343,000) were pledged to banks as guarantees to mortgage facilities granted to purchasers of the Group's properties.

Foreign Exchange Risk

As the sales, purchase and bank borrowings of the Group in 2009 and 2008 were made mainly in Renminbi, the foreign exchange risk exposed by the Group was relatively minor. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in 2009 and 2008.

Interest rate risks

The interest rates for certain portion of the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. The Group currently does not use derivative instruments to hedge its interest rate risks.

Subsequent events

Other than the matters as disclosed in the published announcements of the Group, there was no matter occurred that bears significant effect to the Group between the year end date and the date of this announcement.

Prospects

As there was a significant increase in lending recorded in January 2010, the People' Bank of China announced an increment in the deposit reserve rate subsequently. The central government promulgated various measures so as to stabilise the development in the real estate industry. On the other hand, the export has recovered in the PRC in general since an 17.7% increment was recorded in December 2009 compared with that of previous month. In March 2010, the export for the month was about RMB231.5 billion, an increment of 42.8% compared with that of last year. This was an consecutive of 4 months' increment in export. Hence, such improvement in export would bring a positive influence to the economy. It is expected the confidence of the buyers will not be significantly changed. Although not guaranteed, in view of the stabilization of global economy after the financial crisis, the real estate industry of the PRC will have a stable development.

The Group has developed and acquired land for projects with a prudent attitude since its listing in 2007. To meet the needs for market development, the Group will continue to adjust its development strategies and has planned to gradually expand its business investment, proportion in property service and development of commerce and retail business, and to develop and stabilize its source of income based on its stable development of residential projects and income from commercial properties. Meanwhile, with competitive advantages of sufficient cash flow, strong financial position and low cost of land, the Group continues to adopt prudent and proactive business strategies, seek acquisition opportunities and cooperative projects with focus on commercial projects and villa projects, develop property related industry chain, enhance corporate integration capacity and continue to improve product combination, so as to strive for better return.

DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year 2009.

BONUS ISSUE OF SHARES

The Board proposes to make a bonus issue ("Bonus Issue") of new shares of HK$0.10 each to the shareholders whose names appear on the register of members of the Company on the date of the annual general meeting of the Company to be held this year (the "Record Date") on the basis of 1 bonus share for every 5 ordinary shares to be held on the Record Date. The bonus shares will be issued and credited as fully paid upon issue and will rank pari passu in all respects with the existing shares with effect from the date of issue. The Bonus Issue will be funded by way of capitalisation of certain amount standing to the credit of the Company's share premium account, and is conditional upon the approval of the shareholders at the annual general meeting of the Company to be convened this year, and the granting by the Stock Exchange of the listing of, and permission to deal in, the new shares to be issued pursuant thereto. A circular containing further details of the Bonus Issue and notice of the annual general meeting will be despatched to the shareholders as soon as practicable.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company and the Board have applied the principles in the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

During the year, the Board has adopted and complied with the code provisions of the Code in so far they are applicable with the exception of the deviation from the code provision A.2.1 (i.e. the roles of the Chairman and the Chief Executive Officer of the Company are performed by Mr. Shi Kancheng).

The Board believes that the role of both chairman and chief executive officer in the same person provides the Company with consistent leadership and enables the Company to carry out the planning and implementation of business plans and decisions efficiently.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

AUDIT COMMITTEE

The audit committee had reviewed the consolidated financial statements of the Company for the year ended 31 December 2009 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 June 2010 to 30 June 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the new shares to be issued under the Bonus Issue and be eligible to attend and vote at the Annual General Meeting to be held on Wednesday, 30 June 2010, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 June 2010.

LIST OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Shi Kancheng, Mr. Lou Yifei, Ms. Shen Tiaojuan and Mr. Zhang Jiangang and the independent non-executive directors of the Company are Professor Pei Ker Wei, Professor Wang Shu Guang and Dr. Loke Yu.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Group containing the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective website of the Stock Exchange and the Company in due course.

By order of the Board of
Zhong An Real Estate Limited
Shi Kancheng
Chairman

The PRC, 26 April 2010