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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

2013 Annual Results Announcement

- **Turnover up 19% to RMB36.3 billion**
- **Net Profit up 35% to RMB7.65 billion**
- **Profit from property development increased 15% to RMB6.12 billion**
- **Net debt to total equity ratio at 111%**
- **Proposed final dividend of RMB0.5 per share**

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company" or "R&F") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013. The annual results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

The year 2013 has been significant for the Group in many respects, both in terms of its actual achievements and its positioning for the years immediately to come. The Group put in a strong and in some cases a record-breaking performance, achieving record profits of RMB7.65 billion and exceeding its contracted sales target of RMB42.0 billion. Alongside its property development operations, the Group's other key operational activities remained on track and continued to develop in line with our long-term goals.

The year's strong showing was underpinned by new market optimism consistent with the result of the outcomes of the Third Plenary Session of the 18th Central Committee of the Communist Party of China (the "Third Plenary Session"). All the signals indicate that China will focus on ensuring long-term sustainability for its property sector, which should mean a relatively more favourable property market environment for private developers such as our Group. Our view is that this is an opportune time to aim for more significant growth, after some years of caution in the face of continuous government regulation and intervention in the market. We have therefore embarked on a number of steps in preparation for rapid growth in the years to come. Most significantly, we lifted the pace of our land acquisition activities during 2013 and to allow for sufficient funding, we had increased our total borrowings. Our view is that we have made our investments carefully catching opportunities before significant rise in land price. This will enable us to capture the benefits of future growth with a focus on continuing our strong margin trends, especially since all new land plots acquired have been of the highest quality at the best cost.

Working to grow within the regulatory environment

The regulatory environment in China in 2013 exhibited two phases. In March, the government implemented the latest round of its ongoing series of regulatory measures, which in effect restated and reinforced policies that were already in place. From that point onwards, the market awaited the outcome of the Third Plenary Session in November of the year. As it turned out, the key message of the Third Plenary Session relating to the property market may prove to be one of comprehensive and profound reform, within which market force would be allowed to play a decisive role in terms of allocating resources. For the Group, this represented a favourable development as the gradual move by the government away from the current regime of real estate regulation using administrative measures to control growth (e.g. home purchase restrictions, and credit control measures) towards a regime relying more on market-based mechanisms as signalled in the Third Plenary Session could be more likely to achieve sustainable long-term growth of the property market. A number of other general policy initiatives that are likely to stimulate demand for properties and may have a long-term positive impact on the property market were also floated in the Third Plenary Session. These included proposals to ease the one-child policy, and to change the current urbanization model, specifically by implementing a differentiated *hukou* system (household registration system) for cities based on their size while increasing the pace of urbanisation.

Macro market conditions

With the regulatory environment more stable, the property market enjoyed a healthy upward trend in 2013. In most cities the prices of residential homes rose, with major cities – including Beijing and Guangzhou – experiencing this to a more marked extent. The gradually rising prices were accompanied by increases in transaction volumes across the board, an indicator of genuine demand in the market. Once again, major tier 1 and tier 2 cities experienced the more notable increases in transaction volumes, a clear indication of significant pent-up demand in upper tier cities. Another gauge of the positive state of the market was the rebound in land transactions, which over the year increased in terms of both average price and area, indicating the confidence of developers in the sustainability of the market.

This combination of rising prices and rising transaction volumes resulted in record levels of property sales in 2013 while substantial investment was made in new projects with the total area of new construction starts nationwide also rose noticeably. All these indicators suggest the direction of the property market going into 2014. Provided the wider economy continues to experience reasonable growth, and monetary policy remains consistent, the property market is expected to continue its upward trend in the coming year. There will be some variability between cities, with demand still exceeding supply in tier 1 and tier 2 cities, while tier 3 and 4 cities will experience more subdued growth as supply increases. This is a situation likely to lead to the prospect of further differentiation in regulatory measures to make them more specific to different cities and regions. The land bank profile and city exposure of individual developers will therefore dictate each developer's development strategy in coming years.

Business highlights of 2013

All key performance indicators for the Group in 2013 exhibited growth. Our contracted sales of RMB42.2 billion exceeded our year's target and represented an increase of 23% over our contracted sales in 2012. In terms of area sold, contracted sales for the year represented GFA of 3.39 million sq.m., an increase of 14% over 2012. Turnover increased satisfactorily to RMB36.3 billion, a 19% increase over 2012, and this in turn led to an increase in net profit for the year to RMB7.65 billion. Finally, with construction during the year proceeding substantially on schedule, we were able to deliver 2.73 million sq.m. of properties for sale, an 27% increase over 2012.

In the year, the Group's single most impactful strategy was its aggressive land acquisition. A total GFA of 20.9 million sq.m. was purchased over the year, taking our total land bank to 43.3 million sq.m.; indeed, the year's purchases alone represented a full 48% of the total enlarged land bank. Behind this increased pace of land acquisition was a carefully thought out decision by management to position the Group for quicker growth in the next few years. The land acquisition has diversified our geographical profile by giving the Group a presence in 11 new cities, and has put us in a position to begin development of 25 brand new projects as soon as in 2014. One of the criteria we applied in selecting new land for purchase was whether it allowed for a quick asset turnover or a shorter development schedule; specifically, we targeted land where construction could begin as little as 6 months after acquisition, or where pre-sale could be scheduled within 12 months of purchase. This is in line with our intention, described below, of speeding up our overall development cycle to enhance profitability.

In terms of the Group's regional coverage, China will remain the dominant focus in coming years. However, as our scale increases to a sizeable level, management believes there will also be a need for the Group to invest outside China in order to achieve further growth. Hence, in 2013 the Group made its first significant investment venture outside of China, and entered the Malaysian property market for the first time. We made a very large-scale purchase of land in Johor, Malaysia at a cost of approximately RMB8.5 billion, which will undergo a multi-phased development of predominantly residential housing, with some commercial properties interspersed. The total planned GFA is approximately 3.5 million sq.m. Ideally located on the border of Malaysia across from Singapore and acquired at a reasonable price, this first venture outside China is one from which management believes long-term development value can be realised.

The Group's hotel portfolio continued to grow at a steady pace, with occupancy and rates remaining steady at our mature hotels. With the opening of the Ritz Carlton in Chengdu in October 2013, the number of hotels owned by the Group amounted to seven. We expect new hotel openings to occur at a moderate pace over the next few years.

The Group enjoyed a successful year in terms of obtaining financing for its developments and refining its debt maturity profile. A total of RMB38.9 billion was raised for construction, land bank acquisitions and refinancing of debt falling due. The majority of this funding came from onshore construction loans; but the offshore debt capital market became an increasingly important source of funding for the Group in 2013. As at year-end, the Group had an aggregate of USD988 million and CNY2.612 billion senior notes already in issue offshore. With the CNY2.612 billion notes falling due in April 2014, the Group has been making preparations and monitoring the credit market for an opportunity to refinance the notes. As part of these preparations, the Group underwent a credit rating exercise with all three major crediting rating agencies (Standard & Poor's, Moody's and Fitch Ratings). The Group obtained ratings of BB (stable) / Ba1 (stable) / BB (positive) from Standard & Poor's, Moody's and Fitch Ratings respectively, an outcome that was well in line with the ratings of comparable industry peers. The rating agencies took into account our long history of weathering the changing property cycles, our proven ability to manage liquidity during the 2008 financial crisis, and our successful navigation of the various austerity measures brought to bear on the China property sector. These ratings benefit the Group by giving it access to a larger investor pool, as well as opening up more financing channels in a way that builds further financing flexibility. As for investors, having agencies monitor the financial profile of the Group instils further investor confidence in its financial discipline. In January 2014, the Group launched an issue of senior notes which was very well received by investors. The final amount of notes issued was USD1.0 billion at 8.50 % coupon, which will mature in 2019; to date, this is the largest issue in a single tranche by a PRC property developer in the offshore market. The sizeable and successful deal reflects our growing credit investor base, and our broadening access to the offshore financing market.

Strategies and plans for 2014

We believe we are approaching a mature phase of China's property market development which, in spite of ongoing challenges, offers significant opportunities for the Group. For this reason, we have set in motion the plans and arrangements necessary to achieve what we believe can be a 'great leap forward' in 2014. For instance, based on our 2013 land acquisitions and our land bank and development profile, we have our eyes set on achieving a contracted sales target for 2014 in the RMB70 billion range, two third more than that of 2013. Our area under development will increase in support of this substantial growth target.

The Group sees the key factor as necessary to underpin the success of this ambitious rise in targets being the speeding up of the pace of development, so that the actual development cycle is shortened and at the same time imposing rigorous improvements in cost controls. This is basically a rise in development efficiency which will be achieved by pouring greater resources into up-front planning and initial groundwork, in areas such as risk analysis, market surveys, site preparation, achieving relevant approvals, and finalizing architectural design. This kind of detailed advance planning should ensure that all work is done right the first time round, leading to a reduction in delays at later stages due to unplanned changes. In tandem with this, we will be looking to take our standardization of product development to new levels of efficiency. This will involve achieving a seamless integration of the many internal functions involved in property development. Compressing the product development cycle will inevitably reduce interest costs and other opportunity costs. All these will be factored into a dynamic costs monitoring concept that will help us measure and reduce costs further.

As at the end of 2013, the Group was operating across 24 cities and area in China; this number does not include its new activities in Malaysia. These cities are well-distributed geographically across China and consist of a mix of cities of different tiers, making for a diversified portfolio that will optimise growth. We are however looking to improve our diversification further by creating a more equal balance between our northern and southern operations, a move that will bring advantages in terms of a streamlining of management, the deployment of resources, and logistics.

Although the Group is currently selling its property developments in 16 of the 25 cities where it has a presence, many of which it entered some years ago, the fact remains that 11 of these cities have not reached a sufficiently efficient scale in sales and a few of them are single-project cities. This suggests that there are ample room for us to do more in some of the cities we have already entered to generate a more significant contribution to the Group's overall operations. In the year to come we will be placing a special focus on cities that have sufficient scale and potential to support multiple and repeating property development projects.

Our key operational targets for the year ahead are as follows. We plan to add a further GFA under development of over 10 million sq.m., and also to further improve the sell-through rate. We also aim to increase total deliveries to purchasers to 3,715,000 sq.m. saleable area. It will be clear that all these targets are dependent on an efficient and well-controlled construction process, and this will be something we will keep in clear focus through detailed co-ordination with contractors and suppliers.

In summary, we see the coming year as having the potential to drive the Group forward significantly in terms of its scale of operations and profitability. To grasp this opportunity, we have made crucial investment decisions regarding land acquisition. The result, we believe, is that the Group has exactly the resources it needs to move quickly and effectively in a newly dynamic market. By leveraging our traditional strengths and our well-respected brand-name, while continuing to streamline our operations and cut costs where possible, we expect the Group to break new ground in the year ahead, and to show the way forward for successful property market development in China.

Acknowledgements

This has been another year in which the loyal support of our shareholders and investors has been crucial in enabling us to meet and surpass our targets. I sincerely thank them all on behalf of the Group. Ultimately, sales depend on customers, and once again I would like to thank our thousands of customers over the past year who have put their trust in the Group's reputation and quality offerings when choosing homes to purchase. Finally, the commitment and enthusiasm of the Directors of the Company has once more been vital in maintaining the Group's business momentum over the year. This energy has been backed up by the hard work and loyal service of our many staff members across the country. I would like to acknowledge the valuable contributions of all of these. Together they have shaped a Group culture which stands us in good stead for stepping forward and achieving our future ambitions.

Consolidated Income Statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2013	2012
Revenue	2	36,271,284	30,365,056
Cost of sales	4	(22,036,298)	(17,986,776)
Gross profit		14,234,986	12,378,280
Other gains – net	3	2,644,420	825,859
Selling and marketing costs	4	(626,089)	(454,006)
Administrative expenses	4	(1,838,631)	(1,522,400)
Other income		84,533	-
Operating profit		14,499,219	11,227,733
Finance costs	5	(1,933,742)	(1,501,609)
Share of results of joint ventures		357,253	402,974
Share of results of associates		(50,901)	(87,333)
Profit before income tax		12,871,829	10,041,765
Income tax expenses	6	(5,226,181)	(4,382,415)
Profit for the year		7,645,648	5,659,350
Profit attributable to:			
– Owners of the Company		7,633,860	5,501,979
– Non-controlling interests		11,788	157,371
		7,645,648	5,659,350
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	8	2.3900	1.7224

	Note	Year ended 31 December 2013	2012
Dividends	7	1,980,105	1,916,621

Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December	
	2013	**2012**
Profit for the year	7,645,648	5,659,350
Other comprehensive income		
Item that may be reclassified to profit or loss		
Fair value (loss)/gain on available-for-sale financial assets, net of tax	(7,350)	35,175
Other comprehensive income for the year, net of tax	(7,350)	35,175
Total comprehensive income for the year	7,638,298	5,694,525
Total comprehensive income attributable to:		
– Owners of the Company	7,626,510	5,537,154
– Non-controlling interests	11,788	157,371
	7,638,298	5,694,525

Consolidated Balance Sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
ASSETS	**Note**	**2013**	**2012**
Non-current assets			
Land use rights		1,098,345	850,398
Property, plant and equipment		6,566,671	5,489,200
Investment properties		15,888,187	13,347,220
Intangible assets		897,836	897,797
Interests in joint ventures		4,258,931	3,795,093
Interests in associates		122,600	179,843
Deferred income tax assets		3,217,888	2,696,531
Available-for-sale financial assets		281,400	224,000
Trade and other receivables and prepayments	9	1,450,024	1,624,219
		33,781,882	29,104,301
Current assets			
Properties under development		56,111,099	39,427,395
Completed properties held for sale		10,992,876	7,964,288
Inventories		297,920	305,812
Trade and other receivables and prepayments	9	13,162,768	7,609,054
Tax prepayments		1,656,242	1,314,646
Restricted cash		6,622,173	5,835,622
Cash		17,722,162	7,026,092
		106,565,240	69,482,909
Total assets		140,347,122	98,587,210
EQUITY			
Equity attributable to owners of the Company			
Share capital		805,592	805,592
Other reserves		4,344,253	4,351,603
Shares held for Share Award Scheme		(172,563)	(167,364)
Retained earnings			
- Proposed final dividend		1,596,859	1,597,184
- Others		25,532,695	19,878,940
		32,106,836	26,465,955
Perpetual capital instrument		1,000,000	-
Non-controlling interests		375,207	363,919
Total equity		33,482,043	26,829,874

LIABILITIES	Note	As at 31 December 2013	2012
Non-current liabilities			
Long-term borrowings		43,352,514	28,419,956
Accruals and other payables	10	596,257	-
Deferred income tax liabilities		3,589,702	2,780,705
		47,538,473	31,200,661
Current liabilities			
Accruals and other payables	10	17,781,734	12,679,479
Deposits received on sale of properties		13,777,892	13,165,205
Current income tax liabilities		9,671,667	7,499,685
Short-term borrowings		2,549,535	1,432,052
Current portion of long-term borrowings		15,545,778	5,780,254
		59,326,606	40,556,675
Total liabilities		106,865,079	71,757,336
Total equity and liabilities		140,347,122	98,587,210
Net current assets		47,238,634	28,926,234
Total assets less current liabilities		81,020,516	58,030,535

1. General information

The Company and its subsidiaries mainly engages in the development and sale of properties, property investment, hotel operations and other property development related service in the PRC.

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 July 2005.

These financial statements are presented in RMB Yuan thousands (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 20 March 2014.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties which are carried at fair value.

New and amended standards adopted by the Group.

The following new and amended standards and annual improvements have been adopted by the Group for the first time for the financial year beginning on 1 January 2013.

- HKAS 1 (Amendment), "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- HKFRS 7 (Amendment), "Financial instruments: Disclosures". The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

- HKFRS 10, "Consolidated financial statements". The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. The standard defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- HKAS 27 (revised 2011), "Separate financial statements". The revised standard includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 (revised 2011) have been included in the new HKFRS 10.

- HKFRS 11, “Joint arrangements”. The new standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- HKAS 28 (revised 2011), “Associates and joint ventures”. The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

- HKFRS 12, “Disclosure of interests in other entities”. The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

- HKFRS 13, “Fair value measurements”. The new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

- Annual improvements 2011. These annual improvements include changes to:

  - HKFRS 1, “First time adoption”
  - HKAS 1, “Financial statement presentation”
  - HKAS 16, “Property plant and equipment”
  - HKAS 32, “Financial instruments: Presentation”
  - HKAS 34, “Interim financial reporting”

- Annual improvement 2012 - Amendment to HKFRS 13, “Fair value measurements”. The amendment is a clarification that there is no change in measurement requirements for short-term receivables and payable when the effect of not discounting is immaterial.

The adoption of new and amended standards and annual improvements has no material impact on the Group’s financial statements except for disclosure.

2. Segment information

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

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2013 and the segment assets and liabilities at 31 December 2013 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	33,651,248	779,786	957,051	1,145,516	36,533,601
Inter-segment revenue	-	(52,541)	(56,457)	(153,319)	(262,317)
Revenue from external customers	33,651,248	727,245	900,594	992,197	36,271,284
Profit/(loss) for the year	6,120,890	2,111,145	(248,725)	(337,662)	7,645,648
Finance costs	(1,362,517)	(175,613)	(264,499)	(131,113)	(1,933,742)
Share of results of joint ventures	357,253	-	-	-	357,253
Share of results of associates	(51,171)	-	-	270	(50,901)
Income tax expenses	(4,674,980)	(703,715)	82,909	69,605	(5,226,181)
Depreciation and amortisation	(147,568)	-	(151,849)	(32,809)	(332,226)
Goodwill disposed for sale of properties	(9,163)	-	-	-	(9,163)
Allowance for impairment losses	(8,656)	-	(158)	(664)	(9,478)
Fair value gain on investment properties – net of tax	-	1,827,152	-	-	1,827,152
Segment assets	115,052,178	15,888,187	5,273,055	634,414	136,847,834
Segment assets includes:					
Interests in joint ventures	4,258,931	-	-	-	4,258,931
Interests in associates	71,040	-	-	51,560	122,600
Additions to non-current assets (other than financial instruments and deferred tax assets)	410,406	105,341	372,481	117,030	1,005,258
Segment liabilities	31,490,566	-	121,936	543,381	32,155,883

The segment information for the year ended 31 December 2012 and the segment assets and liabilities at 31 December 2012 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	28,057,384	680,868	874,284	993,398	30,605,934
Inter-segment revenue	-	(52,541)	(44,015)	(144,322)	(240,878)
Revenue from external customers	28,057,384	628,327	830,269	849,076	30,365,056
Profit/(loss) for the year	5,331,595	742,625	(175,285)	(239,585)	5,659,350
Finance costs	(1,096,026)	(163,912)	(204,317)	(37,354)	(1,501,609)
Share of results of joint ventures	402,974	-	-	-	402,974
Share of results of associates	(87,015)	-	-	(318)	(87,333)
Income tax expenses	(4,198,185)	(252,080)	58,429	9,421	(4,382,415)
Depreciation and amortisation	(130,138)	-	(153,249)	(24,581)	(307,968)
Goodwill disposed for sale of properties	(4,898)	-	-	-	(4,898)
Allowance for impairment losses	(2,575)	-	(206)	(1,316)	(4,097)
Fair value gain on investment properties – net of tax	-	494,747	-	-	494,747
Segment assets	77,377,881	13,347,220	4,407,292	534,286	95,666,679
Segment assets includes:					
Interests in joint ventures	3,795,093	-	-	-	3,795,093
Interests in associates	128,553	-	-	51,290	179,843
Additions to non-current assets (other than financial instruments and deferred tax assets)	276,493	-	827,862	79,667	1,184,022
Segment liabilities	25,110,250	-	145,613	588,821	25,844,684

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

Breakdown of revenue from all services is analysed as follows:

	2013	**2012**
Sale of properties	33,651,248	28,057,384
Rental income	727,245	628,327
Hotel operations	900,594	830,269
Property management services and others	992,197	849,076
	36,271,284	30,365,056

The amounts provided to the Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Deferred tax and available-for-sale financial assets held by the Group are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	31 December 2013	**31 December 2012**
Segment assets for reportable segments	136,847,834	95,666,679
Deferred income tax assets	3,217,888	2,696,531
Available-for-sale financial assets	281,400	224,000
Total assets per balance sheet	140,347,122	98,587,210

The amounts provided to the Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December 2013	**31 December 2012**
Segment liabilities for reportable segments	32,155,883	25,844,684
Deferred income tax liabilities	3,589,702	2,780,705
Current income tax liabilities	9,671,667	7,499,685
Current borrowings	18,095,313	7,212,306
Non-current borrowings	43,352,514	28,419,956
Total liabilities per balance sheet	106,865,079	71,757,336

3. Other gains – net

	2013	2012
Fair value gain on investment properties – net	2,436,203	659,663
Interest income	151,684	148,183
Dividend received on available-for-sale financial assets	2,595	2,100
Gain on disposal of investment properties	406	-
Gain/(loss) on disposal of property, plant and equipment	2,995	(746)
Others	50,537	16,659
	2,644,420	825,859

4. Expenses by nature

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2013	2012
Crediting:		
Reversal of allowance for doubtful debts	(12,334)	(9,778)
Charging:		
Cost of completed properties sold	19,634,964	15,903,431
Business taxes and other levies	2,185,818	1,884,826
Employee benefit expense	945,736	796,329
Depreciation	280,649	265,177
Advertising cost	211,641	173,104
Amortisation of land use rights and intangible assets	51,577	42,791
Office expenses	135,291	112,549
Operating lease payments	32,128	14,706
Allowance for doubtful debts	21,812	13,875
Auditors' remuneration	9,397	9,212
Others	1,004,339	756,960
	24,513,352	19,972,960
	24,501,018	19,963,182

5. Finance costs

	2013	2012
Interest expense:		
– bank borrowings	1,636,749	1,282,912
– corporate bonds	394,499	421,675
– senior notes	791,052	361,817
– other borrowings	1,052,539	699,743
– finance lease liabilities	11,123	9,462
	3,885,962	2,775,609
Net foreign exchange gains	(88,029)	(3,748)
Less: interest capitalised	(1,864,191)	(1,270,252)
	1,933,742	1,501,609

6. Income tax expenses

	2013	2012
Current income tax		
– PRC enterprise income tax (Note (b))	2,587,798	2,135,787
Deferred income tax	290,090	111,084
	2,877,888	2,246,871
Current PRC land appreciation tax (Note (c))	2,348,293	2,135,544
Total income tax expenses (Note (d))	5,226,181	4,382,415

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2012: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

In respect of the applicable income tax rates for the year ended 31 December 2013, except for certain companies in the Group which were taxed at 2.5%-3.5% (2012: 2%-3.75%) on their revenue, other businesses within the Group were primarily taxed at 25% (2012: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

(d) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2013	**2012**
Profit before income tax	12,871,829	10,041,765
Less: Land appreciation tax	(2,348,293)	(2,135,544)
	10,523,536	7,906,221
Calculated at tax rate of 25% (2012: 25%)	2,630,884	1,976,555
Effect of different income tax rate of certain companies	(23,071)	44,211
Development costs not deductible for taxation purposes	249,691	171,408
Others	20,384	54,697
PRC enterprise income tax	2,877,888	2,246,871
Land appreciation tax	2,348,293	2,135,544
Tax charge	5,226,181	4,382,415

(e) The tax credit / (charge) relating to components of other comprehensive income is as follows:

	2013			**2012**		
	Before tax	Tax credit	After tax	Before tax	Tax charge	After tax
Fair value (loss) / gain of available-for-sale financial assets	(9,800)	2,450	(7,350)	46,900	(11,725)	35,175

7. Dividends

	2013	2012
Interim dividend paid of RMB0.12 (2012: RMB0.10) per ordinary share	386,684	322,237
Less: Dividend for shares held by Share Award Scheme	(3,438)	(2,800)
	383,246	319,437
Proposed final dividend of RMB0.50 (2012: RMB0.50) per ordinary share	1,611,184	1,611,184
Less: Dividend for shares held by Share Award Scheme	(14,325)	(14,000)
	1,596,859	1,597,184
	1,980,105	1,916,621

An interim dividend in respect of six months ended 30 June 2013 of RMB0.12 per ordinary share, totalling RMB386,684,000 was declared in 2013 (six months ended 30 June 2012: RMB322,237,000), of which RMB3,438,000 was paid for shares held by Share Award Scheme.

A final dividend in respect of 2012 of RMB0.50 per ordinary share, totalling RMB1,611,184,000 was declared and paid in 2013, of which RMB14,000,000 was declared and paid for shares held by Share Award Scheme.

A final dividend in respect of 2013 of RMB0.50 per ordinary share, totalling RMB1,611,184,000 which is based on the number of shares as at 31 December 2013 is to be approved by the shareholders at the Annual General Meeting ("AGM") on 29 May 2014, of which RMB14,325,000 is to be paid for shares held by Share Award Scheme as at 31 December 2013, This proposed final dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2014. These financial statements do not reflect this dividend payable.

The aggregate amounts of the dividends paid and proposed during 2013 and 2012 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

8. Basic and diluted earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2013	**2012**
Profit attributable to owners of the Company	7,633,860	5,501,979
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,194,058	3,194,367
Earnings per share (RMB per share)	2.3900	1.7224

There were no dilutive potential shares during the years presented above.

9. Trade and other receivables and prepayments

	2013	**2012**
Trade receivables		
- Due from joint ventures (Notes (a))	105,214	99,305
- Due from third parties (Note (a))	4,535,155	2,912,248
	4,640,369	3,011,553
Less: allowance for impairment of trade receivables (Note (a))	(1,818)	(1,818)
Trade receivables – net	4,638,551	3,009,735
Other receivables (Note (b))	3,245,350	2,714,903
Prepayments (Note (c))	3,170,441	1,084,430
Due from joint ventures	1,561,563	1,317,840
Due from an associate	2,039,377	1,139,377
Less: allowance for impairment of other receivables (Note (e))	(42,490)	(33,012)
Total (Note (d))	14,612,792	9,233,273
Less : non-current portion	(1,450,024)	(1,624,219)
Current portion	13,162,768	7,609,054

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2013	**2012**
0 to 90 days	3,307,354	2,010,999
91 to 180 days	231,697	149,012
181 to 365 days	338,733	350,790
1 year to 2 years	495,724	386,827
Over 2 years	266,861	113,925
	4,640,369	3,011,553

Trade receivables are analysed as below:

	2013	**2012**
Fully performing under credit terms	4,475,936	2,849,395
Past due but not impaired	162,615	160,340
Non-performing and impaired	1,818	1,818
Trade receivables	4,640,369	3,011,553
Less: allowance for impairment	(1,818)	(1,818)
Trade receivables – net	4,638,551	3,009,735

As at 31 December 2013, trade receivables of RMB1,818,000 were impaired and fully provided for (31 December 2012: RMB1,818,000). The individually impaired receivables mainly relate to certain independent customers which are in unexpectedly difficult economic situations. The aging analysis of these trade receivables is as follows:

	2013	**2012**
Over 2 years	1,818	1,818

For past due but not impaired receivables, the Group has the right to cancel the sales contracts and take over the legal title and possession of the underlying properties for re-sales. Therefore, the directors consider that the receivables would be recovered and no provision was made against these receivables as at 31 December 2013 (31 December 2012: Nil). The ageing analysis of these trade receivables is as follows:

	2013	**2012**
1 year to 2 years	61,461	139,810
Over 2 years	101,154	20,530
	162,615	160,340

Movements on the allowance for impairment of trade receivables are as follows:

	2013	**2012**
At 1 January	1,818	2,737
Reversal of allowance for doubtful debts	-	(919)
At 31 December	1,818	1,818

(b) Other receivables

The ageing analysis of other receivables is as follows:

	2013	**2012**
0 to 1 year	1,077,800	788,639
1 year to 2 years	414,282	351,634
2 year to 3 years	308,372	1,505,633
Over 3 years	1,444,896	68,997
	3,245,350	2,714,903

It mainly represents deposits for urban redevelopment projects. Such deposits will be returned or transferred to properties under development according to the redevelopment progress of relevant projects.

Other receivables are analysed as below:

	2013	**2012**
Performing under normal business	3,202,860	2,681,891
Non-performing and impaired	42,490	33,012
Other receivables	3,245,350	2,714,903
Less: allowance for impairment	(42,490)	(33,012)
Other receivables – net	3,202,860	2,681,891

(c) It mainly represents prepayments for acquisitions of land use rights and prepayments for purchases of construction materials.

(d) The carrying amounts of the Group's trade and other receivables as at 31 December 2013 and 2012 are denominated in RMB.

(e) Movements on the allowance for impairment of other receivables are as follows:

	2013	2012
At 1 January	33,012	27,996
Allowance for doubtful debts	21,812	13,875
Reversal of allowance for doubtful debts	(12,334)	(8,859)
At 31 December	42,490	33,012

10. Accruals and other payables

	2013	2012
Amounts due to joint ventures (Notes (b))	2,546,634	1,096,399
Construction payables (Note (c))	8,751,317	7,092,377
Other payables and accrued charges (Note (d))	7,080,040	4,490,703
Total	18,377,991	12,679,479
Less: non-current portion	(596,257)	-
Current portion	17,781,734	12,679,479

(a) The carrying amounts of the Group's accruals and other payables are denominated in RMB, except for balance due to a joint venture amounted to RMB596,650,000 as at 31 December 2013 which is denominated in HKD (31 December 2012: RMB366,415,000).

(b) The amounts are unsecured, interest free and are repayable on demand.

(c) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(d) The balance mainly represents interest payables, accruals and other tax payables excluding income tax.

(e) The carrying amounts of accruals and other payables approximate their fair value.

BUSINESS REVIEW

Within a relatively stable business environment in 2013, the Group was able to carry out a skilful execution of its strategies for achieving a set of well-balanced goals across its key operational activities, and ensuring sustained growth.

Contracted sales

The Group achieved its contracted sales target for 2013 as planned. Actual contracted sales amounted to RMB42.2 billion, an overall increase of 23% from the previous year's total. Contracted sales were derived from 55 projects in 16 cities, in the Group's three main regions of Northern China, Southern China and Hainan. On a regional basis, contracted sales increased to RMB24.116 billion, RMB15.164 billion and RMB2.949 billion for Northern China, Southern China and Hainan respectively. In terms of growth rate, growth for the Hainan region proved outstanding at 255%, while Northern China and Southern China grew at steady rates of 22% and 12% respectively. At the city level, Guangzhou's contracted sales remained highest of all the cities at RMB10.8 billion, increasing by approximately 12% over 2012. Of the 55 projects having contracted sales in the year, seven were newly launched projects; these included four projects in Guangzhou and one each in Beijing, Hangzhou and Wuxi. Contracted sales in terms of GFA increased by 14% to 3,385,700 sq.m. from 2,973,000 sq.m., reflecting a slightly higher average selling price of RMB12,500 per sq.m. for the year compared with RMB11,500 per sq.m. the previous year.

Details of the Group's 2013 contracted sales by geographical distribution are set out below:

Location	**Approximate saleable area sold (sq.m.)**	**+/- % vs. 2012**	**Approximate total value (RMB million)**	**+/- % vs. 2012**
Guangzhou	516,500	4%	10,835	12%
Beijing and vicinity	770,500	35%	8,496	21%
Tianjin	247,700	-25%	4,629	3%
Taiyuan	550,100	27%	3,942	61%
Hainan	204,100	258%	2,949	255%
Harbin	90,700	106%	1,729	100%
Shanghai and vicinity	93,600	-38%	1,663	-22%
Chengdu	192,300	119%	1,612	80%
Nanjing	84,700	-10%	1,609	32%
Chongqing	241,000	-33%	1,373	-27%
Huizhou	218,400	57%	1,344	27%
Xian	58,600	-66%	771	-43%
Hangzhou	43,200	N/A	748	N/A
Datong	54,600	118%	279	129%
Shenyang	13,500	-21%	147	-16%
Wuxi	6,200	N/A	103	N/A
Total	**3,385,700**	**14%**	**42,229**	**23%**

(note: 2012 contracted sales restated as including JV portion)

Projects under development

The Group expanded its property under development in the year, not only to meet the year's delivery target but also in preparation for a significant increase in its targets for contracted sales and delivery for 2014. The pace of construction proceeded as planned, and each of the critical points in the development process (including the commencement of construction, the obtaining of pre-sale permits, and final delivery) were all closely monitored. The Group started the year with approximately 7.36 million sq.m. of GFA under development, spread across 39 projects in 14 cities. During the year, the Group completed 3.36 million sq.m. GFA with 2.82 million sq.m. saleable area respectively. The Group increased its land bank in the year substantially; some of its acquisitions allowed for prompt commencement of construction and this helped boost construction starts to approximately 6.04 million sq.m. GFA, from 32 projects. The Company's GFA under development at the end of the year therefore increased by 37% to approximately 10.0 million sq.m., distributed across 48 projects. When this area under construction is put together with further planned construction new starts in 2014, it is estimated they will make available pre-sale permits for properties with an approximate value of over RMB140 billion, providing a solid basis for the Company's sales target for 2014.

The following is the position as at 31 December 2013:

Location	**Number of projects**	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	9	2,067,000	1,660,000
Beijing and vicinity	6	1,444,000	1,172,000
Taiyuan	4	1,054,000	832,000
Tianjin	5	897,000	574,000
Huizhou	3	874,000	768,000
Chongqing	1	739,000	595,000
Hainan	5	600,000	581,000
Meizhou	1	376,000	298,000
Harbin	1	347,000	299,000
Xian	2	285,000	168,000
Hangzhou	1	279,000	191,000
Chengdu	1	257,000	188,000
Datong	1	247,000	189,000
Nanjing	2	208,000	140,000
Shanghai and vicinity	2	168,000	116,000
Guiyang	1	94,000	94,000
Changsha and vicinity	1	57,000	39,000
Wuxi	1	37,000	24,000
Shenyang	1	12,000	12,000
Total	**48**	**10,042,000**	**7,940,000**

Southern China

The Group's operations in Southern China now cover eleven cities, of which seven were first entered into during the year through first-time purchases of land (Changsha, Meizhou, Guiyang, Fuzhou, Nanning, Zhuhai and Foshan). The four other cities are Guangzhou, Huizhou, Chongqing and Chengdu.

Guangzhou, the Group's southern headquarters, has always been the Group's key sales contributor, both in Southern China and nationally. Contracted sales for Guangzhou in the year amounted to RMB10.8 billion, an increase of 12% over the previous year. Sales were mainly derived from seven continuing projects and four new projects. The seven continuing projects included the residential projects R&F Tangning Garden, R&F Jingang City, R&F Spring World, the Liede project and the Asian Game City project, and the commercial projects located in Pearl River New Town, R&F Yingkai Plaza and R&F Yingtong Plaza. Benefitting from ongoing sales momentum, together these projects generated combined contracted sales of RMB7.86 billion, or approximately 73% of the total for Guangzhou. The commercial project R&F Yingtong Plaza, which was launched last year and for which full sales efforts began in the year, alone brought in RMB2.52 billion in contracted sales. The other commercial project, R&F Yingkai Plaza, a grade-A office building excellently located next to the Group's R&F Center headquarters building and with a Park Hyatt hotel yet to come on its upper floors, brought in RMB1.43 billion of contracted sales to add to the RMB2.74 billion worth of properties sold there last year. The four new projects were R&F Tianxi Garden, R&F Dongshan Xintian Di, R&F Nansha Tangning and the commercial project R&F Tianyu Center. These have already made a notable contribution to sales; their combined contracted sales in the year amounted to RMB2.71 billion or 25% of Guangzhou's total. R&F Nansha Tangning was an example of the Group's successful efforts in shortening the development cycle, with the project taking just 11 months from site acquisition to sales launch. Although the Group's commercial property developments in Guangzhou have to date been concentrated in Pearl River New Town, they will not necessarily be restricted to that area. R&F Tianyu Center, an office building development located in Guangzhou's Haizhu district outside the CBD, was launched in the year with equal success, selling approximately 27,300 sq.m. at an average price of RMB26,500 per sq.m. for RMB724 million. Commercial properties were the main ongoing drivers of sales in the year, accounting for approximately 50% of Guangzhou's contracted sales. This product sale mix, coupled with higher residential prices, resulted in an average selling price in Guangzhou of RMB20,980 per sq.m., highest of all the Group's cities. The Group increased its GFA under construction in Guangzhou by 32% to 2.07 million sq.m., in preparation for the considerable sales growth targeted for 2014.

Chongqing, **Chengdu and Huizhou,** the other cities in Southern China where the Group has continued to operate, experienced very similar scales of operation in the year; each city had no more than three ongoing projects and each recorded contracted sales within a narrow range of RMB1.34 billion to RMB1.61 billion. These represented 80% and 27% increases in the cases of Chengdu and Huizhou, and a decrease of 27% in the case of Chongqing. Average selling prices for Chongqing and Huizhou were also similar, at RMB5,700 per sq.m. and RMB6,150 per sq.m. respectively, while the average selling price for Chengdu was higher at RMB8,380 per sq.m. The key project in Chongqing was the multi-phased mega project R&F City, now in its eighth year of development. This project has generated respectable contracted sales year after year because it offers a full range of products at different price levels, and its local community environment has continued to mature, especially with the completion of ancillary facilities including access to

Chongqing's mass transit system. Upon final completion the project will have a total GFA of approximately 6.8 million sq.m.; up to the end of 2013, GFA of approximately 1.33 million sq.m. had been completed, with cumulative contracted sales from the project amounting to approximately RMB7.3 billion. Sales performance in Chengdu, where the Group was involved in one high-end and one rigid demand type project, was according to expectations. The high-end R&F Ritz International Apartment project enjoys the advantage of a good location in the city centre alongside the city's newest 5-star hotel, the Group's own Chengdu R&F Ritz-Carlton Hotel which opened in October of the year. Sales were good despite generally sluggish growth in Chengdu's high-end property market. The rigid demand residential project R&F Peach Garden doubled its contracted sales, and was largely responsible for the overall improvement in sales in Chengdu for the year. This will also be the key project in Chengdu going into 2014. Huizhou saw an increase in contracted sales based on three projects, compared to two main projects in the previous year. R&F Hot Spring Village at Longmen, launched last year, contributed approximately two-thirds of Huizhou's contracted sales even though sales of villa products were generally more affected by market conditions than other types of housing. The new project R&F Bayshore in Huidong was previously undertaken as a joint venture with another developer. The Group has since acquired complete interest in the project, upgraded the design, and laid out a definitive sales and marketing plan to underpin its future success.

Northern China

The Group's operations in Northern China in the year were made up of projects in twelve cities, with the new addition of Baotou and Wuxi during the year. The ten existing cities were Beijing, Tianjin, Xian, Taiyuan, Shenyang, Shanghai, Nanjing, Harbin, Datong and Hangzhou. The region provided 31 of the 55 projects being sold in the year, and accounted for approximately 57% of the Group's contracted sales.

Beijing has been the Group's base in Northern China since it embarked on its first project there in 2003, the hugely successful residential project Beijing R&F City. Since then, Beijing has stood alongside Guangzhou as one of the two primary cities for the Group's sales. The Group has mainly focused on residential projects in Beijing, and to date has completed several flagship projects in addition to R&F City. These have included R&F Festival City and R&F No.10, each with sales over the RMB3 billion mark. Contracted sales for Beijing for the year amounted to RMB8.50 billion, a 21% increase from 2012, and accounted for 21% of the Group's total contracted sales, again ranking the city just behind Guangzhou. Three residential projects, R&F New Town, R&F Danish Town and R&F Shangyue Court, were the year's core projects, achieving combined sales of approximately RMB6.97 billion or 82% of Beijing's total sales. Despite its suburban location in Xianghe, R&F New Town achieved sales of RMB3.07 billion, an increase of 156% over sales the previous year when the project was first launched. This excellent result was the result of systematic planning and precise execution. As for R&F Danish Town, located in Beijing's sixth ring road south, although lacking the advantage of easy accessibility it nevertheless attracted many buyers with its HAOS concept of an integrated community living experience complete with hotels, apartment and an office building. Contracted sales for the project remained steady in the year, totalling RMB1.88 billion.

Tianjin saw contracted sales in 2013 rise by approximately 3% to RMB4.63 billion from the year before, while its share of the Group's overall sales dropped to approximately 11% from 13%. It continued to rank third among all cities in which the Group operates. The flagship residential project R&F Jinmen Lake, now in its seventh year of development, achieved contracted sales of RMB3.07 billion, almost the same as in 2012. The continuous efforts made to expand and improve sale channels so as to reach a broader customer base was one important factor in keeping the sales momentum going. The first-time offer of villa products in the year also boosted the project's contracted sales, with an additional RMB600 million realized upon launch. R&F Jinmen Lake has recorded cumulative sales to date of approximately RMB14.0 billion, and approximately 623,000 sq.m. is yet to be delivered. Tianjin also has the Group's only commercial project in Northern China, Tianjin R&F Center, an office building located in the heart of Tianjin's CBD which recorded RMB787 million in sales for the year.

Taiyuan was the best performing city by a number of yardsticks. In the relatively short period of six years since the Group first entered Taiyuan, the Group has achieved market share leadership in the city by offering a complete product line, from bare shell units to rigid demand products to quality residential apartments. The scale of the three projects offered by the Group in the year saw it achieve virtual market domination in the north of the city. Total contracted sales amounted to RMB3.94 billion, an increase of 61% from RMB2.45 billion the prior year. These three projects were R&F City, R&F Peach Garden and R&F Prosperous Palace. R&F Prosperous Palace is slightly more up-market than the other two projects, but all three basically cater for rigid demand and home upgrading, in line with the city's mainstream demand. Taiyuan R&F City is the largest of the Group's projects in northern China, with a total GFA of approximately 2.1 million sq.m. Benefitting from ongoing completion of ancillary facilities, it was the hottest property project in Taiyuan in the year, making RMB2.39 billion in contracted sales and taking the city's top spot in all three categories of sales value, sales GFA and number of sold units of a single property project. The project is now in its third phase and has achieved cumulative sales of RMB7.72 billion since its first launch in July 2008. The positioning of R&F Prosperous Palace is somewhat more up-market, and a flexible product strategy has been adopted to meet rigid demand as appropriate. Contracted sales for the project amounted to RMB594 million, making it a market leader in its market segment in north Taiyuan.

Shanghai (including vicinity) saw the Group's R&F Peach Garden project in Qing Pu District winding up during the year. The sales focus was therefore turned towards R&F Bay Shore in Kunshan. This project is a low-density residential development emphasizing a relaxing lifestyle, and enjoys superb lake views of the Kunshan area; it has been well received by homebuyers. Contracted sales in the year of RMB783 million were split roughly equally between sales of villas and sales of high-rise units. This total represented the highest contracted sales ever for the project, and also accounted for over half of the total number of property transactions in the locality.

The Group expects to launch its first 100% owned project in metropolitan Shanghai in 2014 on a site in Hongqiao acquired during the year.

Xian, Shenyang, Nanjing, Harbin and Datong are all cities entered by the Group at least two years or more ago (the oldest is Xian, entered in 2005; most recent are Nanjing, Harbin and Datong, entered in 2011). All along, the Group has engaged in a relatively limited number of projects and yet firmly established the R&F brand name in these cities. In the year, all five cities derived their sales from one project each; their combined contracted sales amounted to RMB4.54 billion or 19% of the total for Northern China. In **Xian,** the large multi-phase residential project Xian R&F City, which will have a total GFA of over one million sq.m. on final completion, has reached its final phase after eight years of development. The approximately RMB771 million in contracted sales achieved in the year included a significant portion of villa products, which raised the overall average selling price. The last inventory of this project is expected to be sold in 2014, and should generate approximately RMB300 million in further sales. **Shenyang** hosted the 12th National Games in 2013, but the hype of economic activity induced by the Games and also the project's proximity to the athletes' village did not have any noticeable impact on the Group's Shenyang project R&F Royal Villa, a pure villa development catering to the luxury property market. Alongside making ongoing improvements to the quality and design of R&F Royal Villa in preparation for the eventual upswing in the luxury market segment, the Group will launch a new rigid demand project in Shenyang in 2014. **Nanjing's** R&F City is a mixed-use development with both commercial and residential components, first launched in 2011. The project is located on a 572,000 sq.m. site in the Qi Li High-Tech Incubation Park, in Nanjing's Jiang Lin District. The rapid maturing of the R&F City community, and the project's comprehensive facilities catering to residents' shopping, education and leisure requirements, all helped boost the project's appeal, and this was reflected in the value of the properties. Contracted sales for Nanjing R&F City increased by approximately 32% to RMB1.61 billion in the year, at an average selling price that commanded a slight premium over the prevailing market price. A significant portion of the contracted sales came from low-rise residential units, which also made Nanjing R&F City the top-selling project in that category in Nanjing. Cumulative contracted sales in GFA for R&F City now amount to approximately 253,000 sq.m., out of a total GFA of 545,000 sq.m. for the whole project. **Harbin's** Jiangwan New Town, a mixed residential/commercial project which the Group first launched in 2012, increased its contracted sales to RMB1.73 billion. Total cumulative contracted sales for the project amount to RMB2.59 billion, or 134,700 sq.m. sold. **Datong's** property market was rather sluggish in the year. Sales of the Group's Datong R&F City project are expected to improve once ancillary facilities are more complete.

Hangzhou and Wuxi are cities that were first-time contributors to sales in the year. The Group's first development in **Hangzhou** is R&F Xixiyue Court, on the site it acquired in late 2012 at Hangzhou Future Sci-tech City. The project is positioned as a high-end residential project in the city west. The project's mainstream unit-type was a 90 sq.m. unit with very high efficiency, and with an above-average standard of decoration not commonly available in Hangzhou. This has since been supplemented by several other product types of various sizes and designs that are proving popular with purchasers. Such a well-balanced product mix helped boost the popularity of R&F Xixiyue Court, driving strong sales in the year and laying a firm foundation for sales going forward. The project had the highest number of people registering interest on its first day of sales of all comparable projects of competitors. Hangzhou's contracted sales for the year amounted to RMB748 million, with an average selling price of RMB17,300 per sq.m. **Wuxi** is a city with a high GDP per capita, but the city's wealth has not yet expressed itself in demand for luxury properties due to the absence of attractive high grade properties. The Group debuted in the city with its top-of-the-line product R&F No. 10, introducing a standard of luxury not previously seen in Wuxi. The project commenced sales in the last week of the year and quickly recorded over RMB100 million in contracted sales, despite the high average selling price of approximately RMB16,600, also uncommon in the city.

Hainan

Hainan's property market is unique in China. Blessed with favourable year-round warm weather and an unmatched natural environment, Hainan's property never remains depressed for long periods but inevitably rebounds. Properties for vacationing or retirement form a major part of developments on the island, and high quality ancillary facilities are essential for these types of properties. The Group has maintained a steady pace in its development of ancillary facilities even during the slow market, ready to capture market opportunities to come. Improvement in Hainan's property market was evident during the year, as the Group's contracted sales for the year rose significantly by 255% to RMB2.95 billion from RMB830 million the previous year. These sales were from the same three projects, R&F Bay Shore, R&F Yingxi Valley, and R&F Mangrove Bay. R&F Bay Shore at Xiangshui Bay, a mix of resort style low-rise apartments with additional facilities that include a resort hotel and a yacht club, was the year's top project. Offering rare sea-front units for sale boosted sales in the year, and the project eventually achieved RMB1.60 billion in sales. R&F Yingxi Valley is located on Haikou's west coast and is comprised of villas and linked houses, while R&F Mangrove Bay is located at Chengmai Town adjacent to 99 acres of mangrove forest. These two projects each achieved satisfactory contracted sales, achieved through the use of flexible sales strategies.

Land bank

In line with its growth plan, the Group expanded its land bank significantly during the year with the addition of a total of 20.9 million sq.m. of land, spread over 20 cities in China as well as the state of Johor in Malaysia. Although the Group accelerated the pace of its land acquisition, it continued to apply the same conservative and balanced criteria as always to evaluate its land acquisitions, such as taking into account the scope for a short project cycle from acquisition to sales commencement, and favourable payment terms. All the new acquisitions were examples of land with excellent development potential, and all were acquired at reasonable cost. As a result, the Group's current land bank is of the highest quality. Additions in the year included land in ten cities in which the Group acquired land for the first time, as part of its commitment to developing new markets. These cities were Changsha and vicinity, Guiyang, Meizhou, Fuzhou, Foshan, Zhuhai, Baotao, Wuxi, Nanning and the state of Johor, in Malaysia. Total attributable saleable area of this group amounted to 20.9 million sq.m., of which the land in Johor, Malaysia accounted for 17%. The other additions to the land bank in existing cities (including mainly Beijing, Guangzhou, Tianjin, Shanghai and Harbin) served to replenish land consumed or provide sites for new projects to support continuous sales growth. The Group's total land bank at year-end had increased to 45.7 million sq.m. GFA. Details are given below:

Location	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Development Properties		
Guangzhou	3,314,000	3,058,000
Beijing and vicinity	3,769,000	3,324,000
Tianjin	4,466,000	3,919,000
Shanghai and vicinity	572,000	547,000
Harbin	1,683,000	1,533,000
Wuxi	752,000	752,000
Chongqing	5,314,000	5,240,000
Hangzhou	445,000	445,000
Nanjing	732,000	567,000
Fuzhou	327,000	327,000
Changsha and vicinity	3,299,000	3,299,000
Taiyuan	2,481,000	2,445,000
Datong	2,109,000	2,109,000
Baotou	1,464,000	1,464,000
Hainan	3,003,000	2,868,000
Huizhou	3,359,000	3,359,000
Foshan	228,000	228,000
Meizhou	2,352,000	1,989,000
Shenyang	260,000	260,000
Xian	473,000	473,000
Zhuhai	100,000	100,000
Chengdu	649,000	469,000
Guiyang	189,000	189,000
Nanning	196,000	166,000
Malaysia	3,500,000	3,500,000
Investment Properties	652,000	635,000
Total	**45,688,000**	**43,265,000**

Investment Properties

The Group continued to develop its investment property portfolio at a controlled pace. No new additions were made during the year in the categories of rental office buildings and shopping malls. Nevertheless, the capital value of the Group's main existing properties appreciated satisfactorily over the year because of their excellent location and high quality; these included the Group's office building, R&F Center, in Pearl River New Town in Guangzhou, and the Group's shopping mall, Viva Beijing R&F Plaza in Beijing. As for hotels, following the opening of the Ritz-Carlton Chengdu in October 2013, the Group's hotel portfolio as at the end of the year comprised six 5-star hotels in Beijing, Guangzhou, Chengdu, Chongqing and Huizhou, and the Express by Holiday Inn Temple of Heaven Beijing in Beijing. All these hotels are operated by reputable international hotel management companies and deliver the highest service standards of the hospitality industry; as a result, the Group's hotels will remain competitive regardless of any increase in the supply of hotel rooms in their respective localities. Overall, the Group's investment property portfolio comprises high quality assets that provide it with a reliable cash flow through the ups and downs of the economic cycle.

Investment properties completed or in the pipeline are as follows:

Investment properties	**Location**	**Description**	**Approximate total GFA (sq.m.)**
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt, Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	115,000
R&F Center*	Pearl River New Town J1-4	55-storey office building	163,000
Holiday Inn Airport Guangzhou*	R&F Jingang City	4-star hotel 350 rooms	38,000
Park Hyatt, Guangzhou	Pearl River New Town J1-1	5-star hotel 176 rooms	66,000
Conrad, Guangzhou#	Pearl River New Town Liede Village	5-star hotel 350 rooms	39,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 540 rooms	120,000
R&F Center*	Beijing R&F City	Office building	60,000
Viva Beijing R&F Plaza*	Beijing R&F City	Shopping mall	111,000
Holiday Inn Express Temple of Heaven Beijing*	R&F Xinran Court/Plaza	4-star hotel 321 rooms	22,000
Tianjin			
Marriott Hotel Tianjin	Tianjin R&F City	5-star hotel 400 rooms	58,000

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Tianjin R&F City Commercial Complex*	Tianjin R&F City	shopping mall	43,000
Huizhou			
Renaissance Huizhou Hotel*	Ligang Center	5-star hotel 342 rooms	54,000
Hilton Huizhou Longmen Resort	Longmen R&F Hotspring Valley	5-star hotel 350 rooms	45,000
Chongqing			
Hyatt Regency Chongqing*	Jiangbei District	5-star hotel 321 rooms	46,000
R&F Ocean Plaza (Commercial)*	Chongqing R&F Ocean Plaza	Shopping mall	73,000
Holiday Inn University City Chongqing	Chongqing R&F City	4-star hotel 390 rooms	68,000
Chengdu			
R&F Panda Tianhui Mall*	Chengdu Panda City	Shopping Mall	255,000
Ritz-Carlton Chengdu*	Chengdu Panda City	5-star hotel 353 rooms	57,000
Hainan			
Doubletree Resort by Hilton, Haikou – Chengmai	R&F Mangrove Bay	5-star hotel 300 rooms	38,000
Lingshui R&F Bay Shore Mariott & Yacht Club	Hainan R&F Bay Shore	5-star hotel 300 rooms	76,000
R&F Ocean Park	Lingshui County	Hotel, travel & commercial	200,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel 380 rooms	50,000
Harbin			
Ritz-Carlton Harbin	Harbin R&F City	5-star hotel 350 rooms	67,000
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	5-star hotel 320 rooms	41,000
Shanghai			
Hyatt Place Shanghai Xinjiangwan#	Yangpu District	5-star hotel 150 rooms	15,700

* Completed
\# Joint Venture Project

Outlook

The Group is generally optimistic about the market outlook following the policy directions set out at the Third Plenary Session of the 18th Central Committee of the Communist Party of China. Based on its assessment of the prospective business environment, the Group has ramped up its operations, not only by accelerating the process of replenishing and expanding its land bank but also by preparing its resources (including manpower resources), with the aim of achieving significant growth in the year ahead. For 2014, the Group's contracted sales target is RMB70 billion, approximately 66% more than its 2013 contracted sales and representing a proposed growth rate higher than ever before. This contracted sales target is being supported by well-planned marketing and coordinated efforts to enlarge the GFA under construction so as to build up a sufficient project pipeline. The target figure will be achieved from sales of 63 projects in 22 cities and area, and to deliver 3.72 million sq.m. saleable area of properties. The details are set out below:

Location	**To be completed in 1st half of 2014**		**To be completed in 2nd half of 2014**	
	Approximate total GFA (sq.m.)	**Approximate total saleable area (sq.m.)**	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**
Guangzhou	276,000	200,000	382,000	287,000
Huizhou	191,000	174,000	299,000	245,000
Hainan	32,000	31,000	225,000	200,000
Chongqing	189,000	156,000	336,000	269,000
Chengdu	-	-	120,000	91,000
Changsha and vicinity	-	-	48,000	33,000
Beijing and vicinity	303,000	265,000	440,000	378,000
Tianjin	82,000	58,000	297,000	221,000
Taiyuan	33,000	29,000	415,000	392,000
Xian	-	-	67,000	53,000
Shenyang	-	-	12,000	12,000
Shanghai and vicinity	37,000	26,000	92,000	76,000
Datong	26,000	23,000	141,000	128,000
Nanjing	146,000	98,000	55,000	35,000
Wuxi	-	-	18,000	17,000
Harbin	-	-	140,000	129,000
Hangzhou	-	-	135,000	89,000
Total	**1,315,000**	**1,060,000**	**3,222,000**	**2,655,000**

FINANCIAL REVIEW

The Group's net profit for the year increased by 35% to RMB7.646 billion, from RMB5.659 billion the previous year. The primary factor behind the Group's better overall results was the increase in net profit of its core business of property development, to RMB6.121 billion. This was the result of a 20% increase in turnover from sale of properties along with considerable fair value gains from investment properties, which lifted results of the Group's property investment segment. Fair value gain for the year, based on basically the same investment property portfolio as last year, amounted to RMB2.436 billion as compared to RMB660 million in 2012, and net profit from the segment increased to RMB2.111 billion from RMB743 million accordingly. The hotel segment recorded a net loss of RMB249 million, increased from the net loss of RMB175 million the previous year. The mature hotels of the Group continued to perform well, but financial results were affected by the pre-operating expenditure associated with the Ritz Carlton Hotel, Chengdu, which opened in the year. The Group's other business segments (including construction services and the soccer team) recorded a net loss of RMB338 million.

The Group carries out its core business of property development in 12 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sale of properties:

1. Turnover increased by 20% to RMB33.65 billion, from RMB28.06 billion in the previous year. This turnover was based on delivery of 2.733 million sq.m. of sale properties in the year, which was approximately 27% more than the 2.152 million sq.m. delivered the previous year. Overall average selling price fell to RMB12,310 per sq.m. from RMB13,040 per sq.m., a moderate change of 5.6% that reflected relatively stable price levels and no significant change in the sales mix. Those projects with comparable selling prices, mainly six residential projects including R&F Jin Gang City in Guangzhou, R&F Jinmen Lake in Tianjin, and R&F City in Chongqing, Xian, Taiyuan and Nanjing that accounted for approximately 27% of total turnover, had average selling prices that varied within an 9% range of the previous year's, with the exception of Nanjing R&F City which increased by 22%. New projects accounted for approximately 45% of total turnover. These included two commercial projects in Guangzhou's Pearl River New Town, R&F Yingtong Plaza and R&F Yingkai Plaza, which together contributed RMB8.0 billion in turnover at an average selling price of RMB41,370 per sq.m. The high turnover of the two projects partly accounted for Guangzhou's 56% and 12% increases in turnover and average selling price respectively, to RMB11.6 billion and RMB20,460 per sq.m. When put together with the third commercial project, Tianjin R&F Center, the result was that turnover of commercial properties as a percentage of total turnover also increased to 30% from 9% the previous year. As for turnover by city, Guangzhou was again highest, followed by Beijing and Tianjin; they accounted for 34%, 20% and 13% (2012: 26%, 20% and 18%) of total turnover respectively. Turnover in Beijing increased by 17% to RMB6.614 billion (2012: RMB5.654 billion), all derived from residential projects, of which R&F Shengyue Court accounted for 44% at an average selling price of RMB18,080 per sq.m. The overall average selling price for Beijing decreased by approximately 32% to RMB13,810 per sq.m.; last year, the high-end residential project R&F City No.10 boosted the average selling price in the city. Turnover of Tianjin remained high at RMB4.53 billion, close to its record turnover of the previous year. The flagship project, R&F Jinmen Lake, delivered 135,300 sq.m. (2012: 258,500 sq.m.) at an average selling price of RMB16,710 per sq.m. (2012: RMB16,090 per sq.m.) and generated RMB2.262 billion (2012: RMB4.159 billion) in

turnover. The Group's only commercial project outside Guangzhou, R&F Center in Tianjin, recorded RMB1.671 billion in turnover and accounted for 37% of the city's overall turnover. Among the other nine cities which had turnover in the year, Hainan rebounded significantly from the previous year and Datong contributed to turnover for the first time. Hainan's turnover more than tripled to RMB1.995 billion with turnover from three projects, R&F Bay Shore, R&F Yingxi Valley and R&F Mangrove Bay, while maintaining a stable average selling price.

2. Overall cost of sales and cost of land and construction per sq.m. was practically stable given the sales mix; decreases of 3% and 3% respectively to RMB7,300 per sq.m. and RMB6,270 per sq.m. (2012: RMB7,530 per sq.m. and RMB6,480 per sq.m.) were recorded. Land and construction costs per sq.m. of individual projects ranged from RMB15,200 to RMB3,000. At the high end of the range typically were commercial projects in Guangzhou's CBD, such as R&F Yingtong Plaza and R&F Yingkai Plaza, and high-end residential projects such as R&F Junhu Palace in Guangzhou and R&F No. 10 in Beijing. At the low end of the range were rigid demand type housing in tier 2 or 3 cities, such as R&F City in Chongqing and Taiyuan. Each of the four main components of cost of goods sold, land cost, construction costs, business tax and capitalized interest, also remained proportionally stable from year to year. In the year under review, land and construction costs accounted for 86% (2012: 86%), business tax 10% (2012: 11%) and capitalized interest 4% (2012: 3%). Capitalized interest included in the cost of sales and also as a percentage of turnover from sale of properties increased to RMB797 million and 2.4% from 2012's RMB558 million and 2.0% respectively. Cost of sales also included RMB1.999 billion (2012: RMB1.713 billion) in business tax and other levies.

3. As described above, with the average selling price of turnover reduced by 5.6% and a reduction in cost of sales of 3%, the overall gross margin fell accordingly by 1.5% to 40.7%, from 42.2% the previous year. The commercial projects in the year attained a gross margin of 54% as a group, highest among all product groups. This group of commercial projects made up 30% of total turnover and had a significant impact on gross margin. Gross margin of higher-end and mid-market residential projects (including villas) averaged 36% for the year. This group represented approximately 42% of total turnover; key projects included Beijing's R&F Shengyue Court and Tianjin's R&F Jinmen Lake. The remaining projects, accounting for 28% of total turnover, were essentially rigid demand type products and included R&F City projects in a number of cities.

4. Other gains mainly arose from interest income.

5. Selling and administrative expenses as a percentage of turnover increased to 6.4% from 6.0% in the previous year, due to an increase in selling and administration expenses for the year of RMB448 million or 26%, which was more than the rate of increase in turnover. Broken down into its two components, selling expenses increased by RMB156.5 million to RMB560.2 million and administrative expenses increased by RMB291.4 million to RMB1.583 billion. Selling expenses increased mainly due to the fact that the number of sales projects in the year increased to 55 from 47 in the previous year. Entering into ten new cities in the year also required the deployment of additional manpower, which resulted in an increase in personnel costs (recorded under administrative expenses).

6. The share of result of associates was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of results of joint ventures were mainly derived from the Group's 33.34% interest in the Guangzhou Liede project, the 25% interest in the Tianjin Jinnan New Town project, and the 50% interest in the Shanghai New Jiangwan project. These four projects had a combined turnover of RMB6.058 billion in the year.

7. Finance costs increased by 29% to RMB1.934 billion (2012: RMB1.502 billion). As these costs include interest expenses incurred in the year after deduction of amounts capitalized to development costs, finance costs were affected by the total amount of debt, the interest rate, and the amount of interest being capitalized. With outstanding loans of approximately RMB61.4 billion (2012: RMB35.6 billion) and an average interest rate of 8.1%, total interest expenses for the year amounted to RMB3.886 billion. This was 40% more than the interest expenses for 2012, mainly as a result of higher average debts. Finance costs increased as a result although interest capitalized increased by RMB594 million. Capitalized interest released to cost of goods sold amounted to RMB797 million, as compared to RMB558 million for the previous year. Aggregate interest costs included in this year's results amounted to RMB2.731 billion (2012: RMB2.060 billion).

8. Land appreciation tax (LAT) of RMB2.348 billion (2012: RMB2.136 billion) and enterprise income tax of RMB2.327 billion brought the Group's total income tax expenses for the year to RMB4.675 billion. As a percentage of turnover, LAT decreased to 7.0% from 7.6% in 2012. This decrease was due to the fact that gross profit margins of projects in the year were more even, with few projects achieving an especially high gross margin and thus attracting LAT at a high tax rate. The effective enterprise income tax rate stood at 27.5% (2012: 27.9%), deviating from the standard rate by 2.5% because of permanent differences limiting the tax deductible amount.

9. Overall the Group's net profit margin for the year was 21.1%, as compared to 18.6% in the previous year. If fair value gains from investment properties are excluded, this year's net profit margin would be 16.0%, 1.0% lower than the 17.0% of 2012. The main reason for this decrease was the decrease in gross profit margin from property development.

Financial resources, liquidity and liabilities

At 31 December 2013, the Group's cash amounted to RMB24.34 billion and with a total borrowing at RMB61.45 billion which included 1) RMB5.5 billion domestic bonds issued in October 2009, 2) offshore RMB2.612 billion 7.00% senior notes due 2014 issued in April 2011, 3) offshore USD388 million 10.875% senior notes due 2016 issued in April 2011 and August 2012 and 4) offshore USD 600 million 8.75% senior notes due 2020 issued in January 2013. Net debt to total equity ratio was at 111%. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB19.3 billion (2012: RMB23.2 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

Debt Profile

The maturity profile of the Group’s total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year accounted for 29% of total debts. Bank loans repaid in the year amounted to RMB8.71 billion while new bank loans of RMB20.62 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2013 was 6.66% (2012: 6.45%). Exchange rate exposure was insignificant as non-RMB borrowings accounted for approximately 11.1% of total borrowings. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People’s Bank of China. The fixed rate offshore and onshore bonds further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2013, the Group has approximately 22,933 employees (31 December 2012: 18,302). The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also link with business performance and profitability of the Company and the market conditions. Individual director and senior management would not be involved in deciding their own remuneration.

Annual General Meeting, Final Dividend and Closure of Register of Members

The 2013 annual general meeting ("AGM") of the Company will be held on Thursday, 29 May 2014 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

The Board has proposed a final dividend for 2013 at RMB0.5 per share. The proposed final dividend, if approved by the shareholders at the AGM on 29 May 2014, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on Friday, 13 June 2014. The proposed final dividend has not been reflected in the financial statements as at 31 December 2013.

According to the Articles of Association of the Company, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollars. The exchange rate to be adopted shall be the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China. Dividends on H shares are also subject to withholding of PRC Enterprise Income Tax.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Thursday, 29 May 2014, the register of members of the Company will be closed from Tuesday, 29 April 2014 to Thursday, 29 May 2014, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 28 April 2014.

Upon obtaining approval of the shareholders at the AGM, the final dividends will be payable to shareholders whose names appear on the H Share register of members of the Company as at the close of business on Friday, 13 June 2014. The payment date of the final dividend will be further announced. The H Share register of members of the Company will be closed from Monday, 9 June 2014 to Friday, 13 June 2014, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 6 June 2014.

Purchase, redemption or sales of listed securities of the Company

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Compliance with Model Code

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for directors in their dealing in the Company's securities. The Company made specific enquires with each director and each of them confirmed that he or she had complied with the Model Code during the financial year ended 31 December 2013.

Compliance with the Code on Corporate Governance Practices

The Company is committed to good corporate governance practices and procedures including a quality board, sound internal control, transparency and accountability to its shareholders. It has also complied with the Code on Corporate Governance Practices (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited throughout the 12 months ended 31 December 2013.

Subsequent to 31 December 2013, due to the resignation of Mr. Dai Feng effective from 28 February 2014 as an independent non-executive director and a member of the nomination committee of the Board and pending the appointment of another independent non-executive director to the nomination committee, the Company is not in compliance with A.5 of the Code.

Audit Committee

The audit committee of the Company has been set up with terms of reference in accordance with Appendix 14 of the Listing Rules. The audit committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationship with external auditors, the Company's financial reporting, the internal control and risk management system. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

Following the resignation of Mr. Dai Feng effective from 28 February 2014 as an independent non-executive director of the Company and a member of the audit committee, the audit committee comprises Mr. Lai Ming, Joseph (Chairman of the audit committee) who is independent non-executive directors of the Company and Ms. Helen Li who is a non-executive director of the Company. The number of audit committee members has fallen below the minimum number required under the Listing Rules since 28 February 2014 until a new member is appointed. The Audit Committee has reviewed the annual results for the year ended 31 December 2013.

Li Sze Lim
Chairman

20 March 2014

As at the date of this announcement, the executive directors of the Company are Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Huang Kaiwen and Mr. Lai Ming, Joseph.

* *For identification purpose only*