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 2013

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2013	2012	Percentage of increase
Revenue (RMB million)	**2,437.6**	2,395.6	1.8
Profit attributable to owners of the parent (RMB million)	**420.5**	336.2	25.1
Basic earnings per share (RMB)	**0.18**	0.14	28.6

The board of directors (the "**Board**") of Zhong An Real Estate Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2013 together with the comparative amounts for the previous year. The annual results have been reviewed by the audit committee of the Company:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Revenue	*5*	**2,437,605**	2,395,625
Cost of sales		**(1,519,329)**	(1,476,403)
Gross profit		**918,276**	919,222
Other income and gains	*5*	**31,433**	20,821
Selling and distribution expenses		**(127,801)**	(56,708)
Administrative expenses		**(298,629)**	(237,461)
Other expenses		**(3,246)**	(4,711)
Fair value gain upon transfer to investment properties		**256,292**	–
Increase in fair value of investment properties		**60,793**	60,335
Finance costs	*6*	**(10,535)**	(3,660)
Share of profits and losses of:			
Joint ventures		**(2,409)**	(1,007)
Profit before tax	*7*	**824,174**	696,831
Income tax expense	*8*	**(366,160)**	(306,778)
Profit for the year		**458,014**	390,053
Attributable to:			
Owners of the parent		**420,539**	336,228
Non-controlling interests		**37,475**	53,825
		458,014	390,053
Earnings per share attributable to ordinary equity holders of the parent (RMB)	*10*		
Basic		**18 cents**	14 cents
Diluted		**18 cents**	14 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**458,014**	390,053
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of foreign subsidiaries	**6,834**	(28,423)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**6,834**	(28,423)
Total comprehensive income for the year	**464,848**	361,630
Attributable to:		
Owners of the parent	**427,373**	307,805
Non-controlling interests	**37,475**	53,825
	464,848	361,630

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2013**	2012
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**202,133**	206,585
Investment properties		**2,501,000**	2,057,300
Properties under development		**6,078,296**	5,637,964
Available-for-sale investments		**3,300**	5,610
Long term prepayments		**48,584**	38,910
Investments in joint ventures		**412,448**	361,622
Deferred tax assets		**142,785**	128,963
Restricted cash		**95,750**	95,750
Total non-current assets		**9,484,296**	8,532,704
CURRENT ASSETS			
Completed properties held for sale		**4,386,355**	4,055,476
Equity investments at fair value through profit or loss		**1,077**	722
Properties under development		**1,430,161**	1,008,595
Inventories		**10,078**	9,560
Trade and bills receivables	*11*	**22,980**	3,860
Prepayments, deposits and other receivables		**241,004**	215,821
Restricted cash		**301,722**	129,688
Cash and cash equivalents		**1,234,975**	894,077
		7,628,352	6,317,799
Investment property classified as held for sale		**31,000**	35,100
Total current assets		**7,659,352**	6,352,899
CURRENT LIABILITIES			
Trade payables	*12*	**1,794,221**	1,513,439
Other payables and accruals		**495,389**	662,943
Advances from customers		**1,871,993**	1,688,766
Interest-bearing bank and other borrowings		**835,890**	1,739,030
Tax payable		**783,047**	651,799
Total current liabilities		**5,780,540**	6,255,977
NET CURRENT ASSETS		**1,878,812**	96,922
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,363,108**	8,629,626

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**2013**	2012
		RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,363,108**	8,629,626
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,620,404**	2,493,137
Deferred tax liabilities		**553,102**	435,343
Total non-current liabilities		**5,173,506**	2,928,480
Net assets		**6,189,602**	5,701,146
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**222,319**	222,319
Reserves		**5,621,966**	5,174,902
Proposed final dividend	*9*	**42,617**	–
		5,886,902	5,397,221
Non-controlling interests		**302,700**	303,925
Total equity		**6,189,602**	5,701,146

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 Company and its subsidiaries (together, 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, Anhui and Jiangsu 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 the 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 and Chief Executive Officer of the Company.

2. BASIS OF PREPARATION

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 (the "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 and derivative financial instruments 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 for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 1 Amendments	Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

The adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following IFRSs that have been issued but are not yet effective in the Financial Information:

IFRS 9	*Financial Instruments*[4]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[4]
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC-Int 21	Levies[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs issued in December 2013[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs issued in December 2013[2]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 July 2014

[3] Effective for annual periods beginning on or after 1 January 2016

[4] No mandatory effective date yet determined but is available for adoption

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/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gain/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, restricted cash, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, an 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 2013	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	**2,276,332**	**79,125**	**52,690**	**29,458**	**2,437,605**
Intersegment sales	**–**	**24,900**	**–**	**52,334**	**77,234**
	2,276,332	**104,025**	**52,690**	**81,792**	**2,514,839**
Reconciliation:					
Elimination of intersegment sales					**(77,234)**
Revenue from continuing operations					**2,437,605**
Segment results	**610,637**	**337,846**	**4,566**	**(64,380)**	**888,669**
Reconciliation:					
Interest income					**7,993**
Equity-settled share option expense					**(62,308)**
Fair value losses, net:					
Equity investments at fair value through profit or loss					**355**
Finance costs					**(10,535)**
Profit before tax					**824,174**
Segment assets	**12,517,936**	**2,538,865**	**426,710**	**1,839,388**	**17,322,899**
Reconciliation:					
Elimination of intersegment receivables					**(2,029,096)**
Corporate and other unallocated assets					**1,849,845**
Total assets					**17,143,648**
Segment liabilities	**6,066,244**	**26,224**	**9,112**	**89,119**	**6,190,699**
Reconciliation:					
Elimination of intersegment payables					**(2,029,096)**
Corporate and other unallocated liabilities					**6,792,443**
Total liabilities					**10,954,046**
Other segment information:					
Share of profits and losses:					
Joint ventures	**2,409**	**–**	**–**	**–**	**2,409**
Depreciation	**14,393**	**3,119**	**1,436**	**1,236**	**20,184**
Investments in joint ventures	**412,448**	**–**	**–**	**–**	**412,448**
Capital expenditure	**3,729**	**5,028**	**1,905**	**6,248**	**16,910**

Year ended 31 December 2012	Property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	2,248,865	69,934	55,015	21,811	2,395,625
Intersegment sales	–	23,700	–	68,986	92,686
	2,248,865	93,634	55,015	90,797	2,488,311
Reconciliation:					
Elimination of intersegment sales					(92,686)
Revenue					2,395,625
Segment results	786,507	65,704	(2,112)	(122,481)	727,618
Reconciliation:					
Interest income					2,867
Equity-settled share option expense					(29,712)
Fair value losses, net:					
Equity investments at fair value through profit or loss					(282)
Finance costs					(3,660)
Profit before tax					696,831
Segment assets	11,211,350	2,317,313	351,110	1,534,401	15,414,174
Reconciliation:					
Elimination of intersegment receivables					(1,859,178)
Corporate and other unallocated assets					1,330,607
Total assets					14,885,603
Segment liabilities	5,249,506	123,195	11,250	340,375	5,724,326
Reconciliation:					
Elimination of intersegment payables					(1,859,178)
Corporate and other unallocated liabilities					5,319,309
Total liabilities					9,184,457
Other segment information:					
Depreciation	7,110	3,079	10,561	868	21,618
Share of profits and losses:					
Joint ventures	1,007	–	–	–	1,007
Investments in joint ventures	361,622	–	–	–	361,622
Capital expenditure	738	44	310	576	1,668

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 the PRC.

Information about a major customer

No sales to a single customer or a group of customers under the common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2013 and 2012.

5. REVENUE, OTHER INCOME AND GAINS

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 and gains is as follows:

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**2,416,043**	2,389,929
Property leasing income	**83,678**	73,032
Property management fee income	**31,895**	24,271
Hotel operating income	**55,815**	58,279
Less: Business tax and surcharges	**(149,826)**	(149,886)
	2,437,605	2,395,625
Other income		
Subsidy income	**6,202**	9,007
Bank interest income	**7,993**	2,867
Others	**5,643**	4,739
	19,838	16,613
Gains		
Foreign exchange gain	**11,544**	1,205
Gains on disposal of investment properties	**51**	3,003
	11,595	4,208
	31,433	20,821

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2013	2012
	RMB'000	*RMB'000*
Interest on bank borrowings	**299,823**	180,601
Interest on other borrowings	**183,795**	181,794
Total interest expenses	**483,618**	362,395
Less: Interest capitalised in properties under development	**(473,083)**	(358,735)
	10,535	3,660

7. PROFIT BEFORE TAX

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

	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold	**1,477,646**	1,438,588
Depreciation	**20,184**	21,618
Minimum lease payments under operating leases:		
– Office premises	**6,592**	5,967
Auditors' remuneration	**5,416**	2,532
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	**108,436**	84,922
– Equity-settled share option expense	**24,408**	29,712
– Pension scheme contributions	**11,860**	7,953
Equity-settled share option expense to other non-employees	**37,900**	–
Foreign exchange differences, net	**(11,544)**	(1,205)
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**5,766**	4,847
Gain on disposal of investment properties	**(51)**	(3,003)
Fair value (gain)/loss, net:		
Fair value gain upon transfer to investment properties	**(256,292)**	–
Changes in fair value of investment properties	**(60,793)**	(60,335)
Equity investments at fair value through profit or loss – held for trading	**(355)**	282

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.

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2012: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

PRC land appreciation tax ("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.

	2013 ***RMB'000***	2012 *RMB'000*
Current – PRC corporate income tax for the year	**121,171**	197,554
Current – PRC LAT for the year	**141,052**	131,565
Deferred	**103,937**	(22,341)
Total tax charge for the year	**366,160**	306,778

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Profit before tax	**824,174**	696,831
Tax at the statutory tax rate of 25% (2012: 25%)	**206,044**	174,208
Expenses not deductible for tax	**33,274**	14,789
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**9,383**	10,369
Tax losses not recognised	**11,670**	8,738
Provision for LAT	**141,052**	131,565
Tax effect on LAT	**(35,263)**	(32,891)
Tax charge at the Group's effective rate	**366,160**	306,778

Tax payable in the consolidated statement of financial position represents:

	2013	2012
PRC corporate income tax	**391,188**	303,973
PRC LAT	**391,859**	347,826
	783,047	651,799

9. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final – RMB0.018 (2012: Nil) per ordinary share	**42,617**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO 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 RMB420,539,000 (2012: RMB336,228,000) and the weighted average number of ordinary shares of 2,367,635,400 (2012: 2,375,827,982) in issue during the year, as adjusted to reflect the rights issued during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**420,539**	336,228
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,367,635,400**	2,375,827,982
Effect of dilution – weighted average number of ordinary shares:		
Share options	**3,500,129**	–
	2,371,135,529	2,375,827,982

11. TRADE AND BILLS 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 were neither past due nor impaired and aged within one to three months.

Trade and bills receivables are non-interest-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:

	2013	2012
	RMB'000	*RMB'000*
Within six months	**1,544,719**	1,391,382
Over six months but within one year	**190,125**	96,320
Over one year	**59,377**	25,737
	1,794,221	1,513,439

The above balances are unsecured and interest-free and are normally settled based on the progress of construction.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The audited consolidated revenue of the Group for 2013 was RMB2,437,605,000, representing an increase of about 1.8% from that in 2012. The gross profit for 2013 was RMB918,276,000, which was similar to that of 2012. The profit attributable to owners of the parent for 2013 was about RMB420,539,000, representing an increase of about 25.1% from that in 2012. Net core profits (excluding fair value gains in investment properties, after tax) was RMB220,200,000, representing an decrease of about 36.1% from that in 2012. The basic earnings per share was RMB0.18. The Board proposed to declare a final dividend of RMB1.8 cents per share for the year (2012: nil).

Industry Review

In 2013, the real estate industry in China continued to be affected by the regulatory measures imposed by the central government. According to the National Bureau of Statistics of China, the gross floor area (GFA) of residential properties sold in 2013 was recorded at about 1.31 billion sq. m., representing an increase of about 17.3% which is higher than the increment of about 6% recorded in 2012.

According to the portal site of www.tmsf.com ("杭州透明售房網"), the GFA of residential properties sold in Hangzhou of Zhejiang Province was about 4.56 million sq. m., representing a decrease of about 8.4% as compared to that of 2012, whereas the average selling price per sq. m. was about RMB22,091, representing an increase of about 20.1% as compared to that of 2012. According to the Hefei Statistical Information Public Net ("合肥統計信息公眾網"), the GFA of residential properties sold in Hefei of Anhui Province was about 10.8 million sq. m., representing an increase of about 41.2% as compared to that of 2012. The average selling price per sq. m. was about RMB6,988, representing an increase of about 7.2% as compared to that of 2012. According to the Bureau of Statistics of Huaibei ("淮北統計局"), the GFA of residential properties sold in Huaibei of Anhui Province was about 2.23 million sq. m., representing an increase of about 90.2% as compared to that of 2012. The average selling price per sq. m. was about RMB5,276, representing an increase of about 26.0% as compared to that of 2012. According to the portal site of www.eyuyao.com ("余姚生活網"), the GFA of residential properties sold in Yuyao of Zhejiang Province was about 0.82 million sq. m., representing a decrease of about 4.2% as compared to that of 2012. The average selling price per sq. m. was about RMB12,200, representing an increase of about 1.9% as compared to that of 2012.

BUSINESS REVIEW

Sales and earnings

The GFA of properties sold and delivered by the Group in 2013 was about 263,987 sq. m. (2012: 132,842 sq. m.), representing an increase of about 98.7% compared with that of 2012.

The recognised average selling price per sq. m. achieved by the Group in 2013 was about RMB9,152, representing a decrease of about 49.1% from RMB17,990 in the previous year. It is due to the fact that most of the recognised revenue was contributed by the sales of serviced apartments of Hidden Dragon Bay in Hangzhou and residential apartments of Vancouver City in Huaibei with average selling price of RMB8,659 and 4,729 per sq.m. respectively in 2013 whereas that of 2012 was mainly contributed from the sales of high-end low-density residential properties of Dragon Bay in Yuyao with an average selling price of about RMB33,718 per sq. m..

During the year under review, the total recognised GFA sold for the major projects of the Group and the respective recognised revenue are as follows:

Projects	Recognised GFA 2013 *sq. m.*	Recognised revenue 2013 *RMB million*
Hangzhou, Zhejiang Province		
Hidden Dragon Bay*	90,030	779.6
Landscape Bay	27,193	349.8
Others#	204	9.4
Yuyao, Zhejiang Province		
Dragon Bay	16,454	577.3
Hefei, Anhui Province		
Green Harbour – Phases 1A, 1B and 1C	30,249	227.7
Huaibei, Anhui Province		
Vancouver City	99,857	472.2
Total	263,987	2,416.0

* formerly known as Hidden Dragon Land

\# including: Landscape Garden, Guotai Garden, New White Horse Apartments and White Horse Noble Mansion.

The average cost of properties sold per sq. m. of the Group was about RMB5,597 in 2013, representing a decrease of about 48.3% from about RMB10,829 in the previous year.

The main reason was that the majority of the properties sold during the year under review was contributed by sales of residential apartments of Vancouver City and sales of serviced apartments of Hidden Dragon Bay which had lower average cost of sales than that of the high-end low-density residential properties of Dragon Bay which was the main contributor to the cost of sales in 2012.

Progress of development on the major projects

Hangzhou, Zhejiang Province

Landscape Bay

This is a residential project located on the south bank of Qiantang River, Xiaoshan District, Hangzhou, Zhejiang Province with a total GFA of about 300,012 sq. m.. The project includes island-style townhouses (Phase 2, completed in 2010), high-rise apartments (Phase 1, completed in 2012) with river view, car park lots and clubhouse. The volume of sales of this project is within expectation.

Hidden Dragon Bay (formerly known as Hidden Dragon Land)

This is an integrated commercial complex in Wenyan Town, Xiaoshan District, Hangzhou, Zhejiang Province with a total GFA of about 241,695 sq. m.. The project includes low-rise luxurious leisure mansions for corporations, high-rise serviced apartments, a shopping mall, street shops and car park lots. The project was completed in April 2013. The volume of sales of this project is within expectation.

International Office Centre

This is a large-scale integrated commercial project in Qianjiang Century Town (錢江世紀城), Xiaoshan District, Hangzhou, Zhejiang Province with a total planned GFA of about 1,896,860 sq. m. in 3 phases, Phases A to C. Phase A of the International Office Centre includes two hotels, office buildings, a shopping mall, serviced apartments and underground car parking lots. The serviced apartments, a shopping mall and underground car parking lots of Plot A3 of Phase A, with a total GFA of about 328,367 sq. m., are now under construction and as at 31 December 2013, the building blocks had been topped out. It is expected to be completed in around December 2014. The entire Phase A of the International Office Centre is expected to be completed by December 2017.

White Horse Manor

This is a residential project in Xiaoheshan, Yuhang District, Hangzhou, Zhejiang Province with a total GFA of about 243,497 sq. m.. It consists of high-rise residential buildings and low-density residential townhouses situated at a hilly terrain with beautiful scenery and green vegetation. The townhouse units are built with American architectural design and on the terrain with spacious view. The project is in proximity to local universities and Xixi Wetland. As at 31 December 2013, the construction was in progress. It is expected that the project will be completed in around June 2015. The presale has been launched since 2012 and the result is within expectation.

Ideal Bay

This is a residential project in Linping, Yuhang District, Hangzhou, Zhejiang Province with a total GFA of about 538,856 sq. m.. The project consists of townhouses in British architectural design and multi-storey apartment units. As at 31 December 2013, the construction was in progress. It is expected that the townhouse portion will be completed in around December 2014 whereas the high-rise residential portion will be completed in around December 2015. The presale has been launched since 2012 and the result is within expectation.

Hangzhou Qiandao Lake Run Zhou Resort Hotel

This is a hotel project in Qiandaohu Town, Chunan County, Hangzhou, Zhejiang Province with a GFA of 37,028 sq. m.. A boutique hotel will be built at the shore of Qiandao Lake with a beautiful lake view and natural habitat. As at 31 December 2013, the construction was in progress. It is expected that the project will be completed in around October of 2015.

Yuyao, Zhejiang Province

Dragon Bay

This is a high-end low-density residential project in Yuyao, Zhejiang Province with a total GFA of 196,809 sq. m.. The project consists of French, European and Spanish-style low-rise residential buildings. As at 31 December 2013, the construction of the project was completed. The sale during the year under review was within expectation.

Jade Mansion

This is a low-density residential project in Yuyao, Zhejiang Province with a total GFA of 292,807 sq. m.. The project consists of townhouses and residential apartments and it is next to the Dragon Bay. As at 31 December 2013, the construction was in progress. The townhouse portion is expected to be completed in around September 2014 whereas the residential apartments are expected to be completed in around June 2016. The presale of this project has been launched since November 2012 and the result is within expectation.

Zhong An Times Square

This is a large-scale integrated commercial project in Yuyao, Zhejiang Province, with a total GFA of about 628,408 sq. m.. The project includes a hotel, offices, retail units, residential apartments, and underground car parking lots. It is next to the Dragon Bay and the Jade Mansion, which are projects across a river. As at 31 December 2013, the construction of the project was in progress. It is expected to be completed in around November 2015. The presale of the residential apartments has commenced since September 2013. The presale of this project is within expectation.

Zhong An Landscape Garden, Cixi

This is a residential project with commercial portion which provides ancillary services to the local residents. The total GFA is about 494,138 sq. m.. It consists of multi-storey apartments and commercial block which will be constructed in phases. The first phase of apartments has been under construction since May 2013 and it will be completed in around June 2016. The presale of the multi-storey apartments will commence in around April 2014.

Hefei, Anhui Province

Green Harbour

This is a low-density residential project in Hefei, Anhui Province. The construction of Phase 1C was completed in June 2013. The presale of this project was launched in November 2012 and the result was within expectation.

Huaibei, Anhui Province

Vancouver City

This is a low density residential project in Huaibei, Anhui Province. The construction of Phase 3B to D with multi-storey apartment units and GFA of about 309,712 sq. m., as planned, will commence in the second half of 2014. The construction is expected to be completed by the end of 2016. The presale will commence in the third quarter of 2014. The construction of a hotel with GFA of about 67,061 sq. m. in Phase 6D is in progress and it is expected to be completed in December 2014.

Jiangsu Province

Jia Run Square

This is a large-scale integrated commercial project in Suzhou, Jiangsu Province and it is close to Jinji Lake. It consists of offices, shopping mall, serviced apartments and a hotel with a total GFA of about 251,391 sq. m.. The construction will be completed in December 2016.

Contracted sales in 2013

As at 31 December 2013, the contracted GFA sold by the Group was about 351,952 sq. m. (2012: 181,125 sq. m.) with the amount of about RMB3,567,300,000 (2012: RMB2,168,690,000). Set out below are the details on the contracted sales from the major projects:

	Contracted GFA sold *(sq. m.)*	**Contracted sales** *(RMB million)*	**Percentage of interest in the project attributable to the Group**
Hangzhou, Zhejiang Province			
Ideal Bay	48,635	350.5	45.9%
Landscape Bay	30,054	343.4	92.6%
White Horse Manor	76,583	845.2	90.0%
Hidden Dragon Bay	12,297	146.9	92.5%
Others*	218	9.4	
	167,787	1,695.4	
Yuyao, Zhejiang Province			
Dragon Bay	9,238	313.7	90.0%
Jade Mansion	24,667	500.7	93.0%
Zhong An Times Square (Phase II)	20,765	351.7	93.0%
	54,670	1,166.1	
Hefei, Anhui Province			
Green Harbour			
– Phase 1B	3,131	34.1	84.2%
– Phase 1C	16,462	108.2	84.2%
	19,593	142.3	
Huaibei, Anhui Province			
Vancouver City			
– Phase 4 North	100,775	471.2	100.0%
– Phase 5 North	3,510	51.3	100.0%
– other#	5,617	41.0	100.0%
	109,902	563.5	
Total	351,952	3,567.3	

* Including: Landscape Garden, Guotai Garden, New White Horse Apartments and White Horse Noble Mansion

\# Including: Phases 1 to 3

It is expected that the GFA available for sale or leasing from the projects to be completed in 2014 would be about 493,615 sq. m., the details of which are as follows:

	Expected completion date	**GFA available for sale/leasing** *(sq. m.)*	**Percentage of interest in the project attributable to the Group**	**Usage**
Hangzhou, Zhejiang Province				
International Office Centre Plot A3	December 2014	328,367	100.0%	For lease
Ideal Bay – townhouses	December 2014	60,385	45.9%	For sale
Yuyao, Zhejiang Province				
Jade Mansion – townhouses	September 2014	104,863	93.0%	For sale
Total		493,615		

Land bank

As at 31 December 2013, the total GFA of the Group's land bank was about 6,525,797 sq. m., out of which the total unsold or undelivered GFA of the completed properties projects was about 624,333 sq. m.. As at 31 December 2013, the average acquisition cost of the Group's overall land bank was about RMB973 per sq. m.

During the year 2013, the GFA of properties of which the construction were newly commenced by the Group was about 875,535 sq. m..

Other business development

The Group strives to build up a diversified business portfolio so as to provide more stable income in the future and to mitigate operational risk. We will broaden the scope of property services which includes hotel operation, leasing, property management services, nursery stock and agricultural plantation, in order to extend the downstream services of our property development business and to maintain a steady and solid operation of our Group.

The Group had entered into two cooperation agreements with the local government authorities in Baita and Tonglu County, Zhejiang Province to set up joint venture companies to engage in land development in these areas. These cooperations are the stepping stone of the Group in land development in different counties and towns in the PRC. It is expected that such business will generate a stable income to the Group. Further details of the cooperation had been disclosed in the announcements of the Company dated 17 and 26 November 2013.

Hotel operation

Holiday Inn Xiaoshan Hangzhou, a hotel of the Group, is located next to the Highlong Plaza in Xiaoshan District, Hangzhou, Zhejiang Province. It is managed by Holiday Inn (China) Co., Limited, a well-known international hotel brand within the InterContinental Hotels Group, and recorded a revenue of about RMB55,815,000 for 2013, representing a similar level compared to a revenue of about RMB58,279,000 recorded in 2012. The occupancy rate was about 49.8% (2012: 50.0%).

The Group is planning to build a hotel within the large-scale commercial-residential complex at Zhong An Times Sqaure (Phase II) in Yuyao. The construction of the hotel has commenced. The hotel will be managed by Hilton, an internationally-renowned hotel operator, and it is expected to commence operation in 2016.

The Group is planning to build two hotels at the International Office Centre in Hangzhou. They will be managed by Fairmont and Swissôtel, which are internationally-renowned hotel operators. The construction is expected to commence in June 2014 while the hotel operation is expected to commence in 2018.

The Group has been building a hotel, VC Hotel, in Huaibei, Anhui Province and a resort hotel, Hangzhou Qiandao Lake Run Zhou Resort Hotel, in Qiandao Lake, Zhejiang Province respectively. Both hotels will be managed by the Group under its own Run Zhou brand. The construction of the hotels was in progress as at 31 December 2013. They are expected to be completed in the fourth quarter of 2014 and the fourth quarter of 2015, respectively and expected to commence operation in 2016.

The Group is also planning to build a hotel at Jia Run Square, Suzhou, Jiangsu Province. It will be managed by an affiliate of Marriott International, Inc.. The construction had commenced during the year under review and it is expected to be completed by the end of 2016. The operation will commence in 2017.

These new hotels above will, upon their commencement of operation, create a new income stream to the Group.

Leasing

Currently, Highlong Plaza provides the main source of leasing income. This plaza consists of office buildings, a shopping centre, a hotel, serviced apartments and underground car parking lots. The leasing revenue for 2013 was about RMB83,678,000, representing an increase of about 14.6% compared to RMB73,032,000 in 2012. The leasing rate of the shopping centre is about 87.1% (2012: 97.5%) and that of office buildings is about 84.8% (2012: 72.4%). Overall, a general increase was recorded as compared to those of 2012. It was due to the introduction of high quality tenants and a general rent review in leases.

Upon the completion of the construction of Hidden Dragon Bay in April 2013, the retail units with GFA of about 24,328 sq. m. were for lease subsequently. The leasing rate was about 32.5% in 2013. This has generated another stable rental income to the Group.

The Group has been launching various festival activities and promotion events to attract and boost customer flow. This has created a positive impact on tenants' businesses and enhanced the overall rental value of the properties leased by the Group.

The serviced apartments at Highlong Plaza were sublet to and managed by independent operators, Ningbo Sanbi Hotel and Hangzhou Youbang Hotel, during the year under review. The operation was highly satisfactory. Other investment properties also contributed to the leasing income of the Group.

Property management

The Group provides quality property management services to the communities located in properties developed by the Group and other developers. The services are further enhanced by inclusion of the provision of travel tours, housekeeping and nanny services etc.. This will further facilitate the Group in the corporate brand management.

Other services

The Group is also developing nursery stock plantation for agricultural purposes and managing organic plantations for producing agricultural products. The customers are mainly the home-owners of the properties to which property management services are provided by the Group. Such value-added downstream services will form an integral part of the Group's property development and management businesses. Accordingly, the scope of services of the Group will be widened and the Group's corporate branding can be enhanced.

Awards and recognitions

The Group was awarded by the PRC government and recognized authorities for the year under review as follows:

Granted by	Awards	Awarded parties
Enterprise Research Institute of the Development Research Center of the State Council, Institute of Real Estate Studies of the Department of Construction Management of Tsinghua University, China Index Academy	"Star of China Top 100 Real Estate Developers 2013	Zhong An Real Estate Limited
DUSHIKUAIBAO, kfw001.com	Kuaifang Media 2013 Vigorous Brand Award	Zhong An Real Estate Limited
Sina House	Chinese (Hangzhou) Mass Media Award – 2013 Most Investable Estate	White Horse Manor
DUSHIKUAIBAO, kfw001.com	Kuaifang Media 2013 Valuable Real Estate Award	White Horse Manor

Granted by	Awards	Awarded parties
HOUSE365.com	2013 Hangzhou Splendid Estate Award	Landscape Bay
xsnet	2013 Xiaoshan 3rd Internet Living Expo – The Best Livable Riverview Estate Award	Landscape Bay
DUSHIKUAIBAO, kfw001.com	Kuaifang Media 2013 Valuable Real Estate Award	Ideal Bay
HOUSE365.com	2013 Hangzhou Best Livable Real Estate Award	Ideal Bay
EYH.CN-Chengxiang Information & Agency	2013 Top Selling Award	Ideal Bay
Landscape & Garden Society of Zhejiang province (L & GSZ)	Outstanding Landscape Engineering Award – Gold	Dragon Bay
QQ.COM	2013 Best City Complex Award	Zhong An Times Square
China Society of Urban Construction, Housing and Real Estate Industry Association of China, China Federation of Commercial Real Estate development, International Real Estate Development Promotion, China Market News (Jointly awarded)	2013 Chinese Top 10 Landmark Property	Zhong An Times Square
Real Estate Association of Anhui Province	China Ecological-livable Supreme Estate	Green Harbour
Huaibei Real Estate Administration Bureau, Huaibei Real Estate Association, Huaibei Daily, Huaibei Boardcast	2013 Huaibei Top 10 Premier Residential Properties	Vancouver City
Huaibei Real Estate Administration Bureau, Huaibei Real Estate Association, Huaibei Daily, Huaibei Boardcast	2013 Huaibei Best Integrity Real Estate Corporation	Vancouver City

Human resources

As at 31 December 2013, the Group employed a total of 1,868 staff (2012: 1,565 staff). In 2013, the staff cost of the Group was about RMB144,704,000 (2012: about RMB122,587,000), representing an increase of about 18.0%. The increase was mainly due to increase in number of staff.

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 on a yearly basis for its employees, the results of which are taken into account of in the annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual discretionary bonus according to certain performance conditions and appraisal results. To attract talented people and solidify the management, eligible participants (including employees of the Group) may be granted options to subscribe for shares in the Company pursuant to the share option scheme adopted by the Company. The Group also provides continuous learning and training programs 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 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 2013, the Group recorded audited gross profit of about RMB918,276,000, which is in line with that of about RMB919,222,000 in the previous year.

Other income

Other income increased by about 51.0% to about RMB31,433,000 in 2013 from about RMB20,821,000 in 2012. The increase was primarily due to increase in interest income and foreign exchange gain.

Selling and distribution costs

The selling and distribution expenses increased by about 125.4% to about RMB 127,801,000 in 2013 from about RMB56,708,000 in 2012. This increase was primarily due to the increase in the marketing expenses spent for the presales of newly launched projects such as Zhong An Times Square (Phase II) in Yuyao, Ideal Bay and White Horse Manor in Hangzhou in 2013. The contracted sales of 2013 recorded an increase of about 64.5% compared to that of 2012.

Administrative expenses

The administrative expenses increased by about 25.8% to about RMB298,629,000 in 2013 from about RMB237,461,000 in 2012. This was primarily due to the increase in the number of staff and the amortization of the cost of share options granted in July 2013.

Other expenses

The other expenses decreased by about 31.1% to about RMB3,246,000 in 2013 from about RMB4,711,000 in 2012.

Fair value gain upon transfer to investment properties

There was fair value gain upon transfer to investment properties recorded in 2013. This was due to the completion of the retail units of Hidden Dragon Bay, which were classified as investment properties in April 2013 whereas no such similar event happened in 2012.

Finance costs

The finance costs increased by about 187.8% to about RMB10,535,000 in 2013 from about RMB3,660,000 in 2012. This increase was primarily due to increase in bank loans in 2013.

Income tax expenses

The income tax expenses increased by about 19.4% to about RMB366,160,000 in 2013 from about RMB306,778,000 in 2012. The increase was due to the increase in assessable profits in 2013.

Capital structure

As at 31 December 2013, the Group had aggregate cash and cash equivalents and restricted cash of about RMB1,632,447,000 (2012: RMB1,119,515,000). The increase was due to the increase in presale achieved in 2013. The current ratio was 1.3 (2012: 1.0).

As at 31 December 2013, the bank loans and other borrowings of the Group repayable within one year and after one year were about RMB835,890,000 and RMB4,620,404,000 respectively (2012: RMB1,739,030,000 and RMB2,493,137,000 respectively). The increase was mainly due to increase in bank borrowings for the project developments in the year under review.

The consolidated interest expenses in 2013 amounted to about RMB10,535,000 (2012: RMB3,660,000) in total. Interests in the amount of about RMB473,083,000 (2012: RMB358,735,000) were capitalized during the year under review. Interest coverage (including amount of interests capitalized) was 1.2 times (2012: 1.9 times).

As at 31 December 2013, the ratio of total liabilities to total assets of the Group was 0.64 (2012: 0.62).

As at 31 December 2013, the ratio of bank loans and other borrowings to total equity of the Group was 0.88 (2012: 0.74). The ratio of bank loans and other borrowings to total assets was 0.32 (2012: 0.28).

The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.62 (2012: 0.55) (net debt is defined as total debt less cash and cash equivalent, and total restricted cash).

Capital commitments

As at 31 December 2013, the capital commitments of the Group were about RMB1,723,747,000 (2012: RMB1,794,483,000), which were mainly capital commitments for 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 2013, the contingent liabilities of the Group was about RMB2,094,348,000 (2012: RMB1,362,294,000), 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 2013, investment properties of the Group with carrying value of about RMB1,576,589,000 (2012: RMB1,894,005,000), properties under development of about RMB2,134,865,000 (2012: RMB4,298,558,000), completed properties of about RMB1,841,098,000 (2012: 704,968,000) and property and equipment of about RMB31,472,000 (2012: RMB 168,025,000) were pledged to secure the banking facilities of the Group. There were time deposits of about RMB247,750,000 being pledged as at 31 December 2013 (2012: 95,750,000). The 100% equity interest of a subsidiary of the Company with total equity of about RMBnil (2012: 1,258,394,000) was pledged to secure other borrowings for the Group.

The pledge of the 100% equity interest of a subsidiary of the Company with total equity of about RMB1,258,394,000 as at 31 December 2012 was released in 2013.

Foreign exchange risk

As the sales, purchase and bank borrowings of the Group in 2013 and 2012 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 2013 and 2012.

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

On 28 February 2014, The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") granted its approval pursuant to Practice Note 15 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") of the Company's proposal relating to the proposed spin-off ("**Spin-off**") of certain existing subsidiaries of the Company which are principally engaged in the development of, sales of and investment in, commercial properties in sub-city centers of second-tier cities in the Yangtze River Delta Region, the PRC.

Save as disclosed above, there was no matter occurred that bears significant effect to the Group between the year end date and the date of this announcement.

Prospects

While it is expected that the regulatory measures on the real estate market will remain in place, the risk of implementing more rigid policies is expected to be alleviated amid slower economic growth. With the central government's advocation of urbanization and the steady economic growth, the demand for value-for-money and end-use residential properties is expected to remain strong and solid.

In line with the prudent approach adopted for years in acquiring land for development, the Group will continue to acquire land to develop more projects which will be sold at a fair price and lead to quick cash inflow. By doing so, it is expected that a quick asset turnover can be achieved gradually.

In addition, the Group will continue to maintain sufficient cash flow and to achieve relative low finance cost through enhancing the financing structure of the Group.

The Group will continue to focus on property development in cities, particulary, second- and third tier-cities with relatively high GDP per capita in the Yangtze River Delta. Together with the Group's quality property management and other value-added services to the communities of the properties developed by the Group, corporate branding will therefore be enhanced further.

Subject to the successful implementation of the Spin-off proposal, the Group will have two groups of companies with more defined business focus in residential and commercial properties development, respectively. This will enhance their respective brandings and provide investors and the public with greater investment focus for each group.

Eventually, the Group will achieve a more fast-paced growth in sales that leads to greater market share in the Yangtze River Delta.

DIVIDEND

The Directors recommend, subject to shareholders' approval at the forthcoming annual general meeting (the "AGM") to be held on Monday, 19 May 2014, the payment of a final dividend of RMB1.8 cents (2012: nil) per share for the year ended 31 December 2013 to those shareholders whose names appear on the register of members of the Company on Monday, 16 June 2014. The final dividend is expected to be paid on Monday, 14 July 2014 in Hong Kong dollars.

The RMB to Hong Kong dollar exchange rate will be determined by reference to the opening indicative counter buying telegraphic transfer rate for RMB quoted by The Hong Kong Association of Banks on the date of the AGM.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to the final dividend for the year ended 31 December 2013, the register of members of the Company will be closed from Thursday, 12 June 2014 to Monday, 16 June 2014 (both dates inclusive) during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (to be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) for registration no later than 4:30 p.m. on Wednesday, 11 June 2014.

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 2013.

CORPORATE GOVERNANCE

During the year under review, the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules, save for the deviation from the code provision A.2.1 of the Code which states that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

The roles of the chairman and the chief executive officer of the Company are performed by Mr Shi Kancheng.

The Board considers 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 audited consolidated financial statements of the Company for the year ended 31 December 2013 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

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, Dr Loke Yu and Mr Zhang Huaqiao.

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

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

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

The PRC, 24 March 2014