ZHONG AN REAL ESTATE LIMITED
眾安房產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 672)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

HIGHLIGHTS

– The Group's revenue for the period under review was about RMB832 million, a decrease of 17.0% compared to RMB1,003 million for the corresponding period in 2014.

– The Group's profit for the period was RMB1 million, a decrease of 99.7% compared to RMB377 million for the corresponding period in 2014.

The board (the "**Board**") of directors (the "**Directors**") of Zhong An Real Estate Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six-month period ended 30 June 2015 (the "**period under review**") together with the comparative figures for the corresponding period in 2014. The condensed consolidated interim results for the six-month period ended 30 June 2015 of the Group have been reviewed by the audit committee of the Company and by the auditors of the Company, Ernst & Young.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six-month period ended 30 June **2015** *RMB'000* (unaudited)	2014 *RMB'000* (unaudited)
Revenue	*4*	**832,151**	1,002,530
Cost of sales		**(669,489)**	(742,295)
Gross profit		**162,662**	260,235
Other income and gains	*4*	**114,658**	11,564
Selling and distribution costs		**(64,041)**	(62,541)
Administrative expenses		**(139,663)**	(145,194)
Other expenses		**(1,657)**	(5,301)
Fair value gain upon transfer to investment properties		**–**	513,507
Changes in fair value of investment properties		**26,978**	9,300
Finance costs		**(22,706)**	(4,966)
Share of losses of joint ventures		**(1,147)**	(553)
Profit before tax	*5*	**75,084**	576,051
Income tax expense	*6*	**(73,976)**	(198,978)
Profit for the period		**1,108**	377,073
Attributable to:			
Owners of the parent		**(15,043)**	381,724
Non-controlling interests		**16,151**	(4,651)
		1,108	377,073
Earnings per share attributable to ordinary equity holders of the parent (RMB)	*7*		
Basic		**(1) cent**	16 cents
Diluted		**(1) cent**	16 cents

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**1,108**	377,073
Other comprehensive income		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**(18,457)**	(3,039)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(18,457)**	(3,039)
Total comprehensive (loss)/income for the period	**(17,349)**	374,034
Attributable to:		
Owners of the parent	**(33,500)**	378,685
Non-controlling interests	**16,151**	(4,651)
	(17,349)	374,034

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment		**181,776**	188,068
Investment properties		**3,821,600**	3,773,200
Properties under development		**6,203,608**	8,444,787
Available-for-sale investments		**3,300**	3,300
Investments in joint ventures		**45,081**	46,228
Loans and receivables from a joint venture		**257,174**	390,931
Long term prepayments		**87,476**	80,712
Restricted cash		**1,000**	–
Deferred tax assets		**224,362**	201,926
Total non-current assets		**10,825,377**	13,129,152
CURRENT ASSETS			
Completed properties held for sale		**4,272,131**	4,339,181
Properties under development		**4,251,035**	1,181,754
Inventories		**10,272**	9,608
Trade and bills receivables	*8*	**33,013**	16,954
Prepayments, deposits and other receivables		**783,585**	433,045
Equity investment at fair value through profit or loss		**806**	815
Loans and receivables from a joint venture		–	29,769
Restricted cash		**367,383**	620,123
Cash and cash equivalents		**932,504**	969,306
Investment property classified as held for sale		**29,800**	31,000
Total current assets		**10,680,529**	7,631,555
CURRENT LIABILITIES			
Trade payables	*9*	**2,001,105**	1,784,709
Other payables and accruals		**521,283**	507,943
Advances from customers		**4,031,160**	3,124,840
Interest-bearing bank and other borrowings		**1,431,230**	2,045,636
Tax payable		**647,227**	619,909
Total current liabilities		**8,632,005**	8,083,037
NET CURRENT ASSETS/(LIABILITIES)		**2,048,524**	(451,482)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,873,901**	12,677,670

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**5,117,716**	4,920,598
Deferred tax liabilities	**780,137**	763,675
Total non-current liabilities	**5,897,853**	5,684,273
Net assets	**6,976,048**	6,993,397
EQUITY		
Equity attributable to owners of the parent		
Share capital	**220,811**	220,811
Reserves	**5,748,237**	5,781,737
	5,969,048	6,002,548
Non-controlling interests	**1,007,000**	990,849
Total equity	**6,976,048**	6,993,397

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent												
	Share capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Statutory reserve fund RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	220,811	2,966,252	39,318	272,161	156,325	202,306	8,239	(97,839)	2,234,975	–	6,002,548	990,849	6,993,397
(Loss)/profit for the period	–	–	–	–	–	–	–	–	(15,043)	–	(15,043)	16,151	1,108
Other comprehensive loss for the period	–	–	–	–	–	–	–	(18,457)	–	–	(18,457)	–	(18,457)
Total comprehensive (loss)/income for the period	–	–	–	–	–	–	–	(18,457)	(15,043)	–	(33,500)	16,151	(17,349)
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	(3,572)	–	–	–	3,572	–	–	–	–
At 30 June 2015 (unaudited)	220,811	2,966,252	39,318	272,161	152,753	202,306	8,239	(116,296)	2,223,504	–	5,969,048	1,007,000	6,976,048
At 1 January 2014	222,319	2,983,238	39,318	(43,902)	157,707	221,087	8,239	(101,819)	2,358,098	42,617	5,886,902	302,700	6,189,602
Profit/(loss) for the period	–	–	–	–	–	–	–	–	381,724	–	381,724	(4,651)	377,073
Other comprehensive loss for the period	–	–	–	–	–	–	–	(3,039)	–	–	(3,039)	–	(3,039)
Total comprehensive (loss)/income for the period	–	–	–	–	–	–	–	(3,039)	381,724	–	378,685	(4,651)	374,034
Final 2013 dividend declared	–	–	–	–	–	–	–	–	–	(42,617)	(42,617)	–	(42,617)
Equity-settled share option arrangements	–	–	–	–	2,221	–	–	–	–	–	2,221	–	2,221
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	(3,589)	–	–	–	3,589	–	–	–	–
At 30 June 2014 (unaudited)	222,319	2,983,238	39,318	(43,902)	156,339	221,087	8,239	(104,858)	2,743,411	–	6,225,191	298,049	6,523,240

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 (the "**Group**") are principally engaged in property development, leasing and hotel operation. The Group's property development projects during the period are located in Zhejiang, Jiangsu and Anhui Provinces, the People's Republic of China (the "**PRC**"), and Province of British Columbia, Canada.

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 Zhongan, Chairman and Chief Executive Officer of the Company.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2015 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties and equity investments at fair value through profit or loss.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new standards and interpretations as of 1 January 2015, noted below:

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	*Amendments to a number of IFRSs*
Annual Improvements 2011-2013 Cycle	*Amendments to a number of IFRSs*

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

2.3 New and revised IFRSs and new disclosure requirements under the Hong Kong Companies Ordinance not yet adopted

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

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 (2011) and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10 IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[4]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning on or after 1 January 2018

4 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Operating segment information

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

(a) the residential segment develops and sells residential properties, and provides management and security services to residential properties in Mainland China and Canada; and

(b) the commercial segment develops and sells commercial properties, leases investment properties owns and operates a hotel and provides management and security services to commercial properties in Mainland China.

Management monitors the results of the Group's 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. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs 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.

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.

The following tables presented revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2015 and 2014, respectively.

Six-month period ended 30 June 2015 (unaudited)	**Residential** ***RMB'000***	**Commercial** ***RMB'000***	**Total** ***RMB'000***
Segment revenue:			
Sales to external customers	**633,746**	**198,405**	**832,151**
Revenue			**832,151**
Segment results	**(71,345)**	**146,429**	**75,084**
Profit before tax			**75,084**

Six-month period ended 30 June 2014 (unaudited)	Residential *RMB'000*	Commercial *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	887,054	115,476	1,002,530
Intersegment sales	2,053	–	2,053
	889,107	115,476	1,004,583
Reconciliation:			
Elimination of intersegment sales			(2,053)
Revenue			1,002,530
Segment results	60,888	515,163	576,051
Profit before tax			576,051

The following table presents segment assets of the Group's operating segments as at 30 June 2015 and 31 December 2014, respectively:

As at 30 June 2015 (unaudited)	**Residential**	**Commercial**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment assets	**11,654,820**	**10,013,193**	**21,668,013**
Reconciliation:			
Elimination of intersegment receivables			**(162,107)**
Total assets			**21,505,906**

As at 31 December 2014 (audited)	Residential	Commercial	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	10,829,245	10,043,821	20,873,066
Reconciliation:			
Elimination of intersegment receivables			(112,359)
Total assets			20,760,707

Geographical Information

(a) Revenue from external customers

	For the six-month period ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Mainland China	**832,151**	1,002,530

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	30 June 2015 (unaudited) *RMB'000*	31 December 2014 (audited) *RMB'000*
Mainland China	**10,426,982**	12,749,873
Canada	**124,652**	127,825
	10,551,634	12,877,698

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

No revenue amounted to 10% or more of the Group's revenue was derived from sales to a single customer or a group of customers under the common control for the six-month periods ended 30 June 2015 and 30 June 2014.

4. 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 period, net of business tax and other sales related taxes and discounts allowed.

An analysis of revenue, other income and gains is as follows:

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Sale of properties	**808,147**	980,266
Property leasing income	**46,187**	47,952
Property management fee income	**13,630**	10,770
Hotel operating income	**23,970**	24,836
Less: Business tax and surcharges	**(59,783)**	(61,294)
	832,151	1,002,530
Other income		
Interest income from a joint venture	**98,088**	–
Bank interest income	**14,033**	6,535
Subsidy income	**24**	740
Others	**1,116**	2,252
	113,261	9,527
Gains		
Gain on disposal of investment properties	**1,397**	–
Foreign exchange gain	**–**	2,037
	114,658	11,564

5. Profit before tax

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

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of properties sold	**652,139**	726,182
Depreciation	**8,997**	9,596
Minimum lease payments under operating leases:		
– Office premises	**2,564**	2,320
Staff costs	**83,771**	69,643
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**2,119**	3,156
Foreign exchange differences, net	**186**	(2,037)
Gain on disposal of investment properties	**(1,397)**	–
Write-down of properties under development to net realisable value	**22,148**	–
Fair value (gain)/loss, net:		
Fair value gain upon transfer to investment properties	**–**	(513,507)
Changes in fair value of investment properties	**(26,978)**	(9,300)
Equity investments at fair value through profit or loss	**9**	(82)

6. Income tax expense

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

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six-month period ended 30 June 2014: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The 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.

	For the six-month period ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC income tax for the period	**38,820**	49,144
PRC land appreciation tax for the period	**41,131**	41,037
Deferred tax	**(5,975)**	108,797
Total tax charge for the period	**73,976**	198,978

7. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share is based on the loss for the period attributable to ordinary equity holders of the parent of RMB15,043,000 (profit for six-month period ended 30 June 2014: RMB381,724,000) and the weighted average number of ordinary shares of 2,348,582,400 (six-month period ended 30 June 2014: 2,367,635,400) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period 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 period, 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 calculations of basic and diluted earnings per share are based on:

	For the six-month period ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(15,043)**	381,724
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,348,582,400**	2,367,635,400
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	14,495,827
	2,348,582,400	2,382,131,227

8. 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 and bills receivables as at the end of the reporting period are neither past due nor impaired.

Trade and bills receivables are non-interest-bearing and unsecured.

9. Trade payables

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within six months	**1,810,233**	1,578,817
Over six months but within one year	**136,109**	152,400
Over one year	**54,763**	53,492
	2,001,105	1,784,709

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

10. Commitments

The Group had the following commitments for property development expenditure at the end of the reporting period:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Contracted, but not provided for:		
Properties under development	**1,732,857**	2,071,415

11. Contingent liabilities

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**3,421,582**	2,520,813

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the financial periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors of the Company consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

12. Dividends

The Board did not recommend the payment of interim dividend for the six-month period ended 30 June 2015 (2014: nil).

13. Events after the reporting period

There is no event occurred that bears significant effect to the Group between the period end date and the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The unaudited consolidated revenue of the Group was about RMB832,151,000 for the period under review, representing a decrease of about 17.0% from RMB1,002,530,000 for the corresponding period in 2014. The profit for the period under review was about RMB1,108,000, a decrease of about 99.7% from RMB377,073,000 for the corresponding period in 2014. The unaudited loss per share for the period under review was RMB0.01 (earnings per share of corresponding period in 2014: RMB0.16), representing a decrease of about 106.3% of the corresponding period in 2014.

The Board does not recommend the payment of interim dividend for the period under review (2014: nil).

In Zhejiang Province, the sales volume of the Hangzhou residential properties sold in the first half of 2015 as recorded was about 5,838,000 sq. m., representing an increase of about 80.7% as compared with that of the corresponding period in 2014[1]. Whereas the average sales price of the Hangzhou residential properties sold in the first half of 2015 was about RMB16,254 per sq. m., an increase of about 4.3% as compared to that of the corresponding period in 2014[1]. The sales volume of the Yuyao residential properties sold in the first half of 2015 as recorded was about 361,000 sq. m., representing an increase of about 10.8% as compared with that of the corresponding period in 2014[2]. Whereas the average sales price of Yuyao residential properties sold in the first half of 2015 was about RMB9,150 per sq. m., a decrease of about 15.9% as compared to that of the corresponding period in 2014[2]. The sales volume of the Cixi residential properties sold in the first half of 2015 as recorded was about 560,633 sq. m., representing an increase of about 240.0% as compared with that of the corresponding period in 2014[3]. Whereas the average sales price of Cixi residential properties sold in the first half of 2015 was about RMB9,726 per sq. m., a decrease of about 11.2% as compared to that of the corresponding period in 2014[3].

In Anhui Province, the sales volume of residential properties in Hefei in the first half of 2015 as recorded was about 4,315,100 sq. m., representing a decrease of about 7.5% as compared to that of the corresponding period in 2014[4]. The average sales price was about RMB8,259 per sq. m., representing an increase of about 10.1% as compared to that of the corresponding period in 2014[4]. The sales volume of residential properties in Huaibei in the first half of 2015 as recorded was about 445,700 sq. m., representing a decrease of about 47.5% as compared to that of the corresponding period in 2014[5]. The average sales price was about RMB4,674 per sq. m., representing a decrease of about 12.1% as compared to that of the corresponding period in 2014[5].

Sources:

1. 杭州透明售房網(http://www.tmsf.com)(including Xiaoshan and Yuhang Districts)
2. 余姚生活网房產(http://fang.eyuyao.com)
3. 慈溪房產網(http://house.zxip.com)
4. 合肥萬家房產網(http://365jia.cn)
5. 搜房網淮北站(http://news.huaibei.fang.com)

Revenue

During the period under review, the revenue generated from the sales of properties amounted to about RMB808,147,000 which represented a decrease of about 17.6% from RMB980,266,000 for the corresponding period in 2014. The reduction was due to lesser revenue recognised from the sales of properties as a result of market conditions in previous years.

The revenue from property leasing amounted to about RMB46,187,000 (corresponding period in 2014: RMB47,952,000), representing a decrease of about 3.7%. The hotel operation of the Group recorded a revenue of about RMB23,970,000 (corresponding period in 2014: RMB24,836,000), representing a decrease of about 3.5%. Whereas the Group's property management services recorded a revenue of about RMB13,630,000 (corresponding period in 2014: RMB10,770,000), representing an increase of about 26.6%. These business segments were generally in line with those in corresponding period in 2014.

The average property sales price per sq. m. achieved by the Group for the period under review was about RMB10,977 (corresponding period in 2014: RMB12,211), representing a decrease of about 10.1%. The average cost per sq. m. for the six-month period ended 30 June 2015 was about RMB8,364 (corresponding period in 2014: RMB9,046), representing a decrease of about 7.5%. The primary reason was due to a lesser proportion of townhouse, which selling price and cost are higher than those residential apartments sold during the period under review, were sold compared to that of corresponding period in 2014.

Gross profit

Gross profit of the Group for the period under review amounted to about RMB162,662,000, representing a decrease of about 37.5% when compared with that of the corresponding period of last year. Gross profit margin was about 19.5%, down by about 6.5 percentage points when compared with that of the corresponding period in 2014. The decrease in gross profit was mainly due to the decrease in gross profit contributed from the property development segment of the Group during the period under review and the reduction in gross profit margin was mainly due to the fact that the projects concerned were of higher land cost and the selling price was subject to tough market condition.

Other income

During the period under review, other income increased from RMB11,564,000 for the corresponding period in 2014 to about RMB114,658,000, representing an increase of about 891.5%. The increase was primarily due to an increase in interest income earned from joint venture which was not charged in the corresponding period in 2014.

Selling and distribution costs

During the period under review, the selling and distribution costs of the Group increased from RMB62,541,000 for the corresponding period in 2014 to about RMB64,041,000, representing an increase of about 2.4%. It was principally due to an increase in the selling and distributing activities for the presale of properties in a tough competitive market condition during the period under review comparing to the corresponding period in 2014.

Administrative expenses

During the period under review, the administrative expenses of the Group decreased from RMB145,194,000 for the corresponding period in 2014 to about RMB139,663,000, representing a decrease of about 3.8%. It was mainly due to the non-recurring, one-off listing expenses incurred by the Group for a spin-off exercise conducted during the corresponding period in 2014.

Fair value gain upon transfer to investment properties

During the period under review, there was no completed properties being transferred to and categorised as investment properties so that no fair value gain was recorded. A fair value gain of RMB513,507,000 was recorded from transfer of completed properties to investment properties during the corresponding period in 2014.

Earnings

The unaudited profit for the period under review was about RMB1,108,000 for the six-month period ended 30 June 2015 (corresponding period in 2014: RMB377,073,000), representing a decrease of about 99.7%. This decrease was mainly due to no fair value gained from the transfer of completed properties to investment properties during the period under review. The unaudited increase in fair value of investment properties for the six-month period ended 30 June 2015 was about RMB26,978,000 (RMB20,234,000 net of relevant PRC corporate income tax), whereas the same was about RMB522,807,000 for the corresponding period in 2014 (RMB392,105,000 net of relevant PRC corporate income tax).

Contracted sales

Up to 30 June 2015, the contracted GFA (gross floor area) sold by the Group was about 145,802 sq. m. with the amount of about RMB1,285,367,000. Set out below are the details of the contracted GFA sold from the Group's projects:

City	Project	Percentage of interest in the project attributable to the Group	Contracted GFA *(sq. m.)*	Amount *(RMB million)*
Hangzhou	Chaoyang No.8	90.0	17,981	235.8
Hangzhou	Jairun Mansion	73.1	4,121	63.3
Hangzhou	Hidden Dragon Land	67.6	3,375	22.6
Hangzhou	Ideal Bay	45.9	37,609	280.9
Hangzhou	Landscape Bay	92.6	5,220	62.7
Hangzhou	White Horse Manor	90.0	1,208	20.1
Hangzhou	others *		–	5.2
Yuyao	Dragon Bay	90.0	4,018	121.7
Yuyao	Jade Mansion	93.0	10,408	117.9
Yuyao	Zhong An Times Square (Phase II)	93.0	8,699	75.4
Yuyao	Zhong An Landscape Garden	90.0	17,429	75.2
Hefei	Green Harbour	84.2	12,357	98.8
Huaibei	Vancouver City	100.0	23,377	105.8
			145,802	1,285.4

* including: Landscape Garden, New White Horse Apartment and White Horse Noble Mansion

Booked sales

Up to 30 June 2015, the booked GFA sold was about 73,621 sq. m. with the amount of RMB808,147,000. Set out below are the booked GFA sold from these projects:

City	Project	Percentage of interest in the project attributable to the Group	Booked GFA	Amount
			(sq. m.)	*(RMB million)*
Hangzhou	Hidden Dragon Land	67.6	5,103	34.8
Hangzhou	Jiarun Mansion	73.1	7,830	108.9
Hangzhou	Landscape Bay	92.6	6,627	78.7
Hangzhou	others *		–	4.1
Yuyao	Dragon Bay	90.0	3,307	96.2
Yuyao	Jade Mansion	93.0	12,881	246.3
Hefei	Green Harbour	84.2	16,420	134.2
Huaibei	Vancouver City	100.0	21,453	104.9
			73,621	808.1

* including: Landscape Garden, New White Horse Apartment and White Horse Noble Mansion

Land reserve

During the period under review, the Group acquired a plot of allocated land in Hexi District, Tianjin, the PRC with a site area of about 17,282 sq. m. at the consideration of RMB125 million on 15 May 2015.

As of 30 June 2015, the total GFA of the Group's land bank was about 6,572,427 sq. m. in total.

Location	**GFA** *(sq. m.)*	*%*
China		
Zhejiang Province		
Hangzhou	3,205,120	48.7%
Yuyao	935,428	14.2%
Cixi	510,125	7.8%
Anhui Province		
Hefei	721,008	11.0%
Huaibei	924,354	14.1%
Jiangsu Province		
Suzhou	251,391	3.8%
Tianjin	17,282	0.3%
Canada		
Province of British Columbia, Vancouver	7,719	0.1%
Total	6,572,427	

This sizable land bank is sufficient for development by the Group in more than five years. There was an outstanding land premium payable of RMB75 million as at 30 June 2015 (corresponding period of 2014: RMB368 million).

HUMAN RESOURCES AND REMUNERATION POLICY

As of 30 June 2015, the Group employed 2,225 staff (30 June 2014: 2,102 staff). For the six month period ended 30 June 2015, the unaudited staff cost of the Group was about RMB83,771,000 (corresponding period of 2014: RMB69,643,000), representing an increase of about 20.3%. The increase was mainly due to the increase in staff cost from the increase of the headcounts during the period under review.

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

DIVIDEND POLICY

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

In addition, the Company's future dividend payments to its shareholders will also depend upon the availability of dividends received from its operating subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from IFRSs. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Distributions from subsidiary companies may also be restricted if they incur losses or in accordance with any restrictive covenants of bank credit facilities or other agreements that the Company or its subsidiaries may enter into in the future.

CAPITAL STRUCTURE

As at 30 June 2015, the Group had aggregate cash and cash equivalents and restricted cash of about RMB1,300,887,000 (31 December 2014: RMB1,589,429,000). The decrease was due to an increase in fund used in the development of projects and acquisition of land during the period under review.

The current ratio as at 30 June 2015 was 1.24 (31 December 2014: 0.94). The increase was due to the increase in properties under development which will be completed in 1 year.

As at 30 June 2015, the bank loans and other borrowings of the Group repayable within one year and after one year were about RMB1,431,230,000 and RMB5,117,716,000 respectively (31 December 2014: RMB2,045,636,000 and RMB4,920,598,000 respectively). The decrease was due to the repayment of bank loans during the period under review.

The unaudited consolidated interest expenses for the six-month period ended 30 June 2015 amounted to about RMB22,706,000 (corresponding period in 2014: RMB4,966,000) in total. In addition, for the six month period ended 30 June 2015, interests with an unaudited amount of about RMB258,149,000 (corresponding period in 2014: RMB241,207,000) were capitalized. Interest cover (including amount of interests capitalized) was 0.36 times (corresponding period in 2014: 0.29 times).

As at 30 June 2015, the ratio of total liabilities to total assets of the Group was 0.68 (31 December 2014: 0.66).

As at 30 June 2015, the ratio of net debt (bank loans and other borrowings net of cash and cash equivalent and restricted cash) to total equity of the Group was 0.75 (31 December 2014: 0.77). The ratio of bank loans and other borrowings to total assets was 0.30 (31 December 2014: 0.34). The decrease was due to the decrease in bank loans in the period under review.

CAPITAL COMMITMENTS

As at 30 June 2015, the capital commitments of the Group were about RMB1,732,857,000 (31 December 2014: RMB2,071,415,000), which were mainly the capital commitments for construction costs. It is expected that the Group will finance such commitments from its own funds and/or bank loans.

GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2015, the contingent liabilities of the Group was about RMB3,421,582,000 (31 December 2014: RMB2,520,813,000), which was 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 30 June 2015, the Group had pledged investment properties of about RMB1,785,275,000 (31 December 2014: RMB2,093,990,000), properties under development of approximately RMB3,375,037,000 (31 December 2014: RMB2,658,731,000), completed properties of about RMB1,898,483,000 (31 December 2014: RMB2,160,113,000), properties under the category of property and equipment of about RMB139,380,000 (31 December 2014: RMB153,682,000) and time deposits of nil (31 December 2014: about RMB319,952,000) to secure the banking facilities and other borrowings of the Group.

FOREIGN EXCHANGE RISK

As the sales, purchase and bank borrowings of the Group in the first half of 2015 and the corresponding period in 2014 were denominated mainly in Renminbi, the foreign exchange risk exposed by the Group was not very material. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in the first half of 2015 and the corresponding period in 2014.

INTEREST RATE RISKS

The interest rates for 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.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group had acquired a plot of land in Yuhang District, Hangzhou, Zhejiang Province on 3 July 2015 with a site area of about 52,359 sq. m. at the consideration of RMB259,380,000 for future residential and commercial development.

PROSPECTS AND OUTLOOK

Looking forward into the second half of 2015, the Chinese economy will still face challenges amidst uncertainties in the global market. Nevertheless, the Central Government has taken the monetary measures to loosen the liquidity of the money market and has made the adjustments to the policies so as to maintain a stable development of the property market. Furthermore, with the continuation of implementation of the urbanization policy by the Central Government and 7% growth in GDP in 2015, it is expected that there will be a continued growth in the real estate industry in China.

The Group will remain prudent in the near term and is optimistic in the long term. We will proactively seize market opportunities and adjust marketing and pricing strategies and product mix to maintain sustainable development of the Group so as to bring satisfactory return to our shareholders. The Group will continue to promote its business model of ‘acquiring land and selling products at a fair price; developing projects and receiving sales proceeds in a quick process’, develop more quick-sale products targeting end users and high value-added, low-density residential units in order to accelerate asset turnover. We will continue to fully leverage on our strong brand name and optimize marketing strategy with active marketing as the dominant mode for more rapid growth of sales.

As one of the main target regions for new urbanization and modern town development, the Yangtze River Delta Region will set its eye for building a world-class city cluster. Focusing on the urbanization development of the Yangtze River Delta Region, Zhong An has accumulated extensive experience in the development of complex real estate projects in the region and has built up its own premium brand advantage.

Accordingly, the Group will continue its established development strategy of seeking investment opportunities in the affluent second-and third-tier cities in the Yangtze River Delta Region and the Top 100 counties across the country, strengthening cooperation with its strategic partners to further expand its market share and maintaining its competitive edge in the industry.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2015 (2014: nil).

CORPORATE GOVERNANCE

During the period under review, the Company had applied the principles of the Corporate Governance Code (the “**Code**”) and complied with the code provisions and certain recommended best practices set out in the Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, except for the deviation from the code provision A.2.1 in which Mr Shi Kancheng (alias Mr Shi Zhongan) acts as both the chairman and chief executive officer of the Company since the listing of the Company’s shares on the Stock Exchange in November 2007.

The Board considers that this management structure will not impair the balance of power and authority of the Board but will provide the Company with consistent leadership and enables the Company to carry out the planning and implementation of business plans and decisions efficiently. This is beneficial to the management and development of the Group's businesses.

The Board would review the management structure of the Group from time to time and consider the segregation of the roles of the chairman and chief executive officer if and when desirable.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

During the period under review, the Company had adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standards of the Model Code as set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standards set out in the Model Code during the period under review and its code of conduct regarding the Directors' securities transactions.

AUDIT COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has set up an audit committee (the "**Audit Committee**") and its terms of reference complied with the requirement of the Listing Rules. The chairman of the Audit Committee is Dr Loke Yu. The other members are Professor Pei Ker Wei and Mr Zhang Huaqiao. The Audit Committee comprises all the three independent non-executive Directors. The unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2015 has not been audited but has been reviewed by the Audit Committee and the Company's auditors, Ernst & Young.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (corresponding period in 2014: nil).

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

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

LIST OF DIRECTORS

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

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

The PRC, 27 August 2015