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 2014

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2014	2013	Percentage of decrease
Revenue (RMB million)	**1,550.1**	2,437.6	36.4
Profit attributable to owners of the parent (RMB million)	**319.7**	420.5	24.0
Basic earnings per share (RMB)	**0.14**	0.18	22.2

The board of directors (the "**Board**") of Zhong An Real Estate Limited (the "**Company**") is pleased to announce the audited consolidated results of the panythe "

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**401,756**	458,014
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	**3,980**	6,834
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**3,980**	6,834
Total comprehensive income for the year	**405,736**	464,848
Attributable to:		
Owners of the parent	**323,705**	427,373
Non-controlling interests	**82,031**	37,475
	405,736	464,848

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2014** *RMB'000*	2013 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**188,068**	202,133
Investment properties		**3,773,200**	2,501,000
Properties under development		**8,444,787**	6,078,296
Goodwill		**–**	–
Available-for-sale investments		**3,300**	3,300
Long term prepayments		**80,712**	48,584
Investments in joint ventures		**46,228**	412,448
Loans and receivables from a joint venture		**390,931**	–
Deferred tax assets		**201,926**	142,785
Restricted cash		**–**	95,750
Total non-current assets		**13,129,152**	9,484,296
CURRENT ASSETS			
Completed properties held for sale		**4,339,181**	4,386,355
Properties under development		**1,181,754**	1,430,161
Inventories		**9,608**	10,078
Trade and bills receivables	*11*	**16,954**	22,980
Prepayments, deposits and other receivables		**433,045**	241,004
Equity investments at fair value through profit or loss		**815**	1,077
Loans and receivables from a joint venture		**29,769**	–
Restricted cash		**620,123**	301,722
Cash and cash equivalents		**969,306**	1,234,975
		7,600,555	7,628,352
Investment property classified as held for sale		**31,000**	31,000
Total current assets		**7,631,555**	7,659,352
CURRENT LIABILITIES			
Trade payables	*12*	**1,784,709**	1,794,221
Other payables and accruals		**507,943**	495,389
Advances from customers		**3,124,840**	1,871,993
Interest-bearing bank and other borrowings		**2,045,636**	835,890
Tax payable		**619,909**	783,047
Total current liabilities		**8,083,037**	5,780,540
NET CURRENT (LIABILITIES)/ASSETS		**(451,482)**	1,878,812
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,677,670**	11,363,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	2014	2013
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**4,920,598**	4,620,404
Deferred tax liabilities	**763,675**	553,102
Total non-current liabilities	**5,684,273**	5,173,506
Net assets	**6,993,397**	6,189,602
EQUITY		
Equity attributable to owners of the parent		
Share capital	**220,811**	222,319
Reserves	**5,781,737**	5,621,966
Proposed final dividend	**–**	42,617
	6,002,548	5,886,902
Non-controlling interests	**990,849**	302,700
Total equity	**6,993,397**	6,189,602

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. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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.

Net current liability

As at 31 December 2014, the current liabilities of the Group exceeded its current assets by approximately RMB451 million. In the opinion of the Directors, it is an industry practice for the retail estate business to keep a low level of current ratio. The Directors have prepared these financial statements on a going concern basis notwithstanding the net current liability position because the Directors expected that the Group will generate sufficient cash inflows from the operation and have adequate unused bank and other credit facilities to meet its financial obligation when they fall due.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. 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 or 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.

Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised)	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective IFRSs*

1 Effective from 1 July 2014

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

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 the financial statements:

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28 (Revised)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS1	*Disclosure Initiative*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27 (Revised)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014

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

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

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

5 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

4. 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;

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

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 profit/(loss) before tax from continuing operations.

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 2014	**Residential** *RMB'000*	**Commercial** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Sales to external customers	**1,341,252**	**208,853**	**1,550,105**
Intersegment sales	**6,291**	**–**	**6,291**
Sales to external customers	**1,347,543**	**208,853**	**1,556,396**
Reconciliation:			
Elimination of intersegment sales			**(6,291)**
Revenue from continuing operations			**1,550,105**
Segment results	**(16,366)**	**655,779**	**639,413**
Segment assets	**10,829,245**	**10,043,821**	**20,873,066**
Reconciliation:			
Elimination of intersegment receivables			**(112,359)**
Total assets			**20,760,707**
Segment liabilities	**8,293,272**	**5,586,397**	**13,879,699**
Reconciliation:			
Elimination of intersegment payables			**(112,359)**
Total liabilities			**13,767,310**
Other segment information:			
Share of profits and losses:			
Joint ventures	**–**	**259**	**259**
Impairment losses recognised in the statement of profit or loss	**14,204**	**–**	**14,204**
Depreciation	**5,823**	**13,413**	**19,236**
Investments in joint ventures	**–**	**46,228**	**46,228**
Capital expenditure	**2,655**	**2,696**	**5,351**

Year ended 31 December 2013	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	1,561,763	875,842	2,437,605
Intersegment sales	16,673	-	16,673
	1,578,436	875,842	2,454,278
Reconciliation:			
Elimination of intersegment sales			(16,673)
Revenue from continuing operations			2,437,605
Segment results	216,158	608,016	824,174
Segment assets	9,180,054	9,000,465	18,180,519
Reconciliation:			
Elimination of intersegment receivables			(1,036,871)
Total assets			17,143,648
Segment liabilities	5,531,734	6,459,183	11,990,917
Reconciliation:			
Elimination of intersegment payables			(1,036,871)
Total liabilities			10,954,046
Other segment information:			
Share of profits and losses:			
Joint ventures	–	2,409	2,409
Depreciation	5,770	14,414	20,184
Investments in joint ventures	–	412,448	412,448
Capital expenditure	8,568	8,342	16,910

Geographical information

(a) Revenue from external customers

	2014	2013
	RMB'000	*RMB'000*
Mainland China	**1,540,157**	2,437,605
Canada	**9,948**	–
	1,550,105	2,437,605

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

(b) Non-current assets

	2014	2013
	RMB'000	*RMB'000*
Mainland China	**12,358,942**	8,925,763
Canada	**127,825**	–
	12,486,767	8,925,763

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 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 2014 and 2013.

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:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**1,471,965**	2,416,043
Property leasing income	**93,074**	83,678
Property management fee income	**37,126**	31,895
Hotel operating income	**47,613**	55,815
Less: Business tax and surcharges	**(99,673)**	(149,826)
	1,550,105	2,437,605
Other income		
Subsidy income*	**1,438**	6,202
Interest income from a joint venture	**29,769**	–
Bank interest income	**7,373**	7,993
Others	**3,059**	5,643
	41,639	19,838
Gains		
Foreign exchange gain	**1,928**	11,544
Gain on disposal of investment properties	**–**	51
	1,928	11,595
	43,567	31,433

* There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

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

	2014	2013
	RMB'000	*RMB'000*
Interest on bank borrowings	**385,278**	299,823
Interest on other borrowings	**185,196**	183,795
Total interest expenses	**570,474**	483,618
Less: Interest capitalised in properties under development	**(532,665)**	(473,083)
	37,809	10,535

7. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of properties sold	**1,103,320**	1,477,646
Depreciation	**19,236**	20,184
Minimum lease payments under operating leases:		
– Office premises	**5,115**	6,592
Auditors' remuneration	**4,069**	5,416
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	**118,642**	108,436
– Equity-settled share option expense	**2,207**	24,408
– Pension scheme contributions	**13,488**	11,860
Equity-settled share option expense to other non-employees	**–**	37,900
Foreign exchange differences, net	**(1,928)**	(11,544)
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**6,656**	5,766
Gain on disposal of investment properties	**–**	(51)
Fair value (gain)/loss, net:		
Fair value gain upon transfer to investment properties	**(656,784)**	(256,292)
Changes in fair value of investment properties	**(33,200)**	(60,793)
Equity investments at fair value through profit or loss – held for trading	**262**	(355)
Write-down of properties under development to net realisable value	**14,204**	–

8. INCOME TAX

The Group's subsidiaries incorporated in Hong Kong and Canada are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong and Canada during the year (2013: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2013: 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.

	2014	2013
	RMB'000	*RMB'000*
Current – PRC corporate income tax for the year	**40,266**	121,171
Current – PRC LAT for the year	**13,804**	141,052
Deferred	**183,587**	103,937
Total tax charge for the year	**237,657**	366,160

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:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**639,413**	824,174
Tax at the statutory tax rate of 25% (2013: 25%)	**159,853**	206,044
Expenses not deductible for tax	**20,110**	33,274
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**21,296**	9,383
Tax losses not recognised	**26,045**	11,670
Provision for LAT	**13,804**	141,052
Tax effect on LAT	**(3,451)**	(35,263)
Tax charge at the Group's effective rate	**237,657**	366,160

Tax payable in the consolidated statement of financial position represents:

	2014	2013
PRC corporate income tax	**260,020**	391,188
PRC LAT	**359,889**	391,859
	619,909	783,047

9. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Proposed final – Nil (2013: RMB0.18) per ordinary share	**–**	42,617

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

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB319,725,000 (2013: RMB420,539,000) and the weighted average number of ordinary shares of 2,366,604,616 (2013: 2,367,635,400) in issue during the year, as adjusted to reflect the rights issued during the year.

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

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**319,725**	420,539

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,366,604,616**	2,367,635,400
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	3,500,129
	2,366,604,616	2,371,135,529

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:

	2014	2013
	RMB'000	*RMB'000*
Within six months	**1,578,817**	1,544,719
Over six months but within one year	**152,400**	190,125
Over one year	**53,492**	59,377
	1,784,709	1,794,221

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 2014 was RMB1,550.1 million, representing a decrease of about 36.4% from that in 2013. The gross profit for 2014 was RMB390.5 million, representing a decrease of about 57.5% from that of 2013. The profit attributable to owners of the parent for 2014 was about RMB319.7 million, representing a decrease of about 24.0% from that in 2013. Net core loss (excluding fair value gains in investment properties, after tax) was RMB115.7 million whereas the net core profits (excluding fair value gains in investment properties, after tax) in 2013 was RMB220.2 million. The basic earnings per share was RMB0.14 (2013: RMB0.18). The Board did not propose to declare a final dividend for the year ended 31 December 2014 (2013: RMB1.8 cents per share).

Industry Review

In 2014, the real estate industry in China continued to be affected by the regulatory measures imposed by the central government. There were, however, signs of stabilizing in the later part of the year, as the local governments started to gradually abolish the sale restriction and the People's Bank of China cut the interest rate. The property market seemed to improve and the confidence of the home buyers regained.

According to National Bureau of Statistics of China, the gross floor area (GFA) of residential properties sold in 2014 was recorded at about 1.21 billion sq. m., representing an increase of about 7.6% compared to that of 2013, which is lower than the increment of about 9.7% recorded in 2013.

According to the portal site of www.tmsf.com (杭州透明售房網) in Hangzhou of Zhejiang Province, the GFA of residential properties sold in Hangzhou (including Xiaoshan and Yuhang Districts) was about 9.86 million sq. m., representing an increase of about 4.5% as compared to that of 2013, whereas the average selling price per sq. m. was RMB15,653, representing a decrease of about 8.6% as compared to that of 2013. According to Sina.com in Hefei (hf.house.sina.com.cn), the GFA of residential properties sold in Hefei of Anhui Province was about 9.30 million sq. m., representing a decrease of about 13.9% as compared to that of 2013. The average selling price per sq. m. was RMB7,755, representing an increase of about 11.0% as compared to that of 2013. According to the Bureau of Property Management of Huaibei, Anhui Province (安徽省淮北市房地產管理局), the GFA of residential properties sold in Huaibei of Anhui Province was about 1.76 million sq. m., representing a decrease of about 21.1% as compared to that of 2013. The average selling price per sq. m. was RMB5,262, representing a decrease of about 0.27% as compared to that of 2013. 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 0.81 million sq. m., representing a decrease of about 1.2% as compared to that of 2013. The average selling price per sq. m. was RMB9,846, representing a decrease of about 19.29% as compared to that of 2013.

BUSINESS REVIEW

Sales and earnings

The GFA of properties sold and delivered by the Group in 2014 was about 137,653 sq. m. (2013: 263,987 sq. m.), representing a decrease of about 47.9% compared to that of 2013.

The recognised average selling price per sq. m. achieved by the Group in 2014 was about RMB10,693, representing an increase of about 16.8% from RMB9,152 in the previous year. It is due to the fact that most of the recognised revenue was contributed by the sales of townhouses of Dragon Bay and Jade Mansion in Yuyao, Zhejiang Province with average selling price of RMB29,841 and 20,199 per sq. m., respectively in 2014 whereas that of 2013 was mainly contributed from the sales of serviced apartments of Hidden Dragon Bay in Hangzhou and residential apartments of Vancouver City in Huaibei with lower average selling prices of RMB8,659 and 4,729 per sq. m., respectively.

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 *sq. m.*	Recognised revenue *RMB million*
Hangzhou, Zhejiang Province		
Hidden Dragon Bay	8,598	70.8
Landscape Bay	19,620	210.0
Others#	2,544	21.4
Yuyao, Zhejiang Province		
Dragon Bay	5,636	168.2
Jade Mansion	27,984	565.2
Hefei, Anhui Province		
Green Harbour	17,048	125.5
Huaibei, Anhui Province		

Hidden Dragon Bay

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., were compeleted in July 2014. As at 31 December 2014, the renovation works were in progress. Plots A1 and A2 of the International Office Centre are 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 2014, the construction was in progress. It is expected that the project will be completed in around October 2015. The result of the presale of the project during the year under review was 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 2014, the construction was in progress. It is expected that the townhouse portion will be completed in around June 2015 whereas the high-rise residential portion will be completed in around December 2015. The presale of the project during the year under review was within expectation.

Chaoyang No. 8

This is a project with multi-storey residential apartments and commercial amenities in Shushan Town, Xiaoshan District, Hangzhon, Zhejiang Province and its total GFA is about 155,563 sq. m.. It is at the prime location with Hangzhou Metro Line No.2 terminal in the proximity. As at 31 December 2014, the construction is in progress. The project, as a whole, is expected to be completed in around May 2017. The presale was within expectation since its commencement from November 2014.

Hangzhou Qiandao Lake Run Zhou Resort Hotel

This is a hotel project in Qiandaohu Town, Chunan County, Hangzhou, Zhejiang Province with a GFA of 46,580 sq. m.. This hotel will be built at the shore of Qiandao Lake with a beautiful lake view and natural habitat. As at 31 December 2014, the construction was in progress. It is expected that the project will be completed in around October 2015.

Yuyao, Zhejiang Province

Dragon Bay

This is a high-end low-density residential project in Yuyao, Zhejiang Province, which was completed in 2013, with a total GFA of 196,809 sq. m.. The project consists of French, European and Spanish-style low-rise residential buildings. 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 2014, the construction of first phase of townhouse was completed and the second phase is in the planning stage. The construction of residential apartments will be completed in around June 2016. The presale of this project during the year under review was 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. in 2 phases. 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 spanning along a river. As at 31 December 2014, the construction of the project was in progress. It is expected to be completed in around November 2015. The presale of this project during the year under review was 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. As at 31 December 2014, the first phase of apartments was under construction and it will be completed in around May 2016. The presale of the multi-storey apartments during the year under review was within expectation.

Hefei, Anhui Province

Green Harbour

This is a low-density residential project in Hefei, Anhui Province, which was completed in previous years. The presale of this project during the year under review 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. was in progress as at 31 December 2014. The construction is expected to be completed by June 2016. The presale during the year under review was within expectation. The construction of a hotel, VC Hotel, with GFA of about 67,061 sq. m. in Phase 6D will be completed in the first half of 2016.

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 around December 2016.

Overseas

Amber Rise

A project was set up in Vancouver, Province of British Columbia, Canada with a GFA of about 15,712 sq. m.. The site is located at wealthy district with about 20 minutes' drive to downtown of Vancouver city. Totally 11 townhouses with individual swimming pools and deluxe design will be built in 2 phases. Construction will be commenced in April 2015 and it is expected that the entire project will be completed by end of 2017.

Contracted sales in 2014

As at 31 December 2014, the contracted GFA sold by the Group was about 410,848 sq. m. (2013: 351,952 sq. m.) with the amount of about RMB3,532.9 million (2013: RMB3,567.3 million). Set out below are the details of the contracted sales from the major projects:

	Contracted GFA sold *(sq. m.)*	**Contracted amount** *(RMB million)*	**Percentage of interest in the project attributable to the Group**
Hangzhou, Zhejiang Province			
Hidden Dragon Bay	12,879	102.4	67.6%
Ideal Bay	59,672	359.7	45.9%
Jiarun Mansion	8,655	116	73.1%
Landscape Bay	14,133	156.6	92.6%
Chaoyang No. 8	32,748	469.3	90%/65.8%
White Horse Manor	76,091	878.7	90.0%
Others*	2,544	21.5	
	206,722	2,104.2	
Yuyao, Zhejiang Province			
Dragon Bay	3,012	49.5	90.0%
Jade Mansion	44,003	421.6	93.0%
Zhong An Times Square (Phase II)	12,679	135.5	93.0%
Zhong An Landscape Garden, Cixi	34,886	162.4	90.0/65.8%
	94,580	769.0	
Hefei, Anhui Province			
Green Harbour	19,781	170.7	84.20%
Huaibei, Anhui Province			
Vancouver City	89,765	489.0	100.0%
Total	410,848	3,532.9	

* Including: Landscape Garden, Guotai Garden, New White Horse Apartments, White Horse Noble Mansion and Yisheng Building Material Market

It is expected that the GFA available for sale from the projects to be completed in 2015 would be about 279,740 sq. m., the details of which are as follows:

	Expected completion date	GFA available for sale	Percentage of interest in the project attributable to the Group	Usage
Hangzhou, Zhejiang Province				
Ideal Bay-townhouses	June 2015	36,243	45.9%	For sale
White Horse Manor	October 2015	243,497	90%	For sale
Total		279,740		

Land bank

As at 31 December 2014, the total GFA of the Group's land bank was about 6,611,428 sq. m., out of which the total unsold or undelivered GFA of the completed properties projects was about 594,523 sq. m.. As at 31 December 2014, the average acquisition cost of the Group's overall land bank was about RMB1,051 per sq. m..

During the year under review, the GFA of properties of which the construction were newly commenced by the Group was about 392,274 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.

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 RMB47.6 million for 2014, representing a decrease of about 14.7% compared to a revenue of about RMB55.8 million recorded in 2013. The occupancy rate was about 46.6% (2013: 49.8%).

The Group is planning to build a hotel within the large-scale commercial residential complex at Zhong An Times Square (Phase II) in Yuyao. The construction of the hotel was in progress as at 31 December 2014. The hotel will be managed by Hilton, an internationally-renowned hotel operator, and it is expected to commence operation in 2016.

The Group has also had 2 hotels under construction as at 31 December 2014. They are Hangzhou Qiandao Lake Run Zhou Resort Hotel and VC Hotel which will be managed by the Group under its own Run Zhou brand and are expected to be completed in October 2015 and the first half of 2016, respectively. The operations of Hangzhou Qiandao Lake Run Zhou Resort Hotel and VC Hotel are expected to commence in the fourth quarter of 2015 and the second half of 2016 respectively.

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 was in progress as at 31 December 2014 and is expected to be completed in around December 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

The leasing revenue for 2014 was about RMB93.1 million, representing an increase of about 11.2% compared to RMB83.7 million in 2013.

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 rate of the shopping centre is about 95.2% (2013: 87.1%) and that of office buildings is about 86.0% (2013: 84.8%). Overall, a general increase was recorded as compared to those of 2013.

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 77.1% in 2014 (2013: 32.5%). A full year rental income in 2014 is the main factor that contributed to the increase in the property leasing income of the year under review.

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 had received the following awards and accolades from the PRC government and recognized authorities during the year under review:

Awarded by	**Awards**	**Awarded parties/ projects**
China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal Center	Top 100 Real Estate Listed Companies in China with Most Comprehensive Strengths	Zhong An Real Estate Limited
China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal Center	Top 5 Most Innovative Real Estate Listed Companies in China	Zhong An Real Estate Limited
Xiaoshan 4th Internet Living Expo Committee, xsnet	Property with the most comprehensive ancillary facilities	Chaoyang No. 8
Housing Industrialization Promotion Center, Ministry of Housing and Urban-Rural Development	China Ecological-livable Supreme Estate	Phase 3 North, Vancouver City

Awarded by	Awards	Awarded parties/ projects
Fang.com	2014 Highest Cost Performance Property in China (Hangzhou)	Zhongan Ideal Bay
Keyhouse.com.cn	Hangzhou Property Market Annual Award-Most Investable Commercial Property	Jiarun Mansion
HOUSE365.com	2015 Most Investable Estate	Jiarun Mansion

Human resources

As at 31 December 2014, the Group employed a total of 2,225 staff (2013: 1,868). In 2014, the staff cost of the Group was about RMB134.3 million (2013: about RMB144.7 million), representing a decrease of about 7.2%. The decrease was mainly due to decrease in amortisation of share option expenses of about RMB22 million.

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 determines 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 2014, the Group recorded audited gross profit of about RMB390.5 million, representing a decrease of about 57.5% compared to that of about RMB918.3 million in the previous year. The drop is due to the reduction in recognised revenue from the properties sold and delivered and the selling prices of townhouses of Dragon Bay and Jade Mansion were less than anticipated due to market reasons causing a reduction in gross profit margin in the year under review.

Other income

Other income increased by about 39.0% to about RMB43.6 million in 2014 from about RMB31.4 million in 2013. The increase was primarily due to increase in interest income earned from joint venture.

Selling and distribution costs

The selling and distribution expenses increased by about 6.0% to about RMB135.5 million in 2014 from about RMB127.8 million in 2013. This increase was primarily due to the increase in the marketing expenses spent for the presales of launched projects to counter greater competition in unfavourable market condition in 2014. The contracted sales of 2014 was achieved to similar level of that of 2013.

Administrative expenses

The administrative expenses increased by about 1.8% to about RMB304.1 million in 2014 from about RMB298.6 million in 2013. This was primarily due to the increase in the number of staff and the one-off expenses incurred in connection with the listing of a subsidiary during the year under review.

Other expenses

The other expenses increased by about 118.8% to about RMB7.0 million in 2014 from about RMB3.2 million in 2013 which was due to the increase in charitable donation made during the year under review.

Fair value gain upon transfer to investment properties

The fair value gain increased by about 156.3% to about RMB656.8 million in 2014 from about RMB256.3 million in 2013. This was due to the valuation of the completed properties of International Office Centre A3 with GFA of 68,550 sq. m. which were classified as investment properties in 2014 whereas the valuation of the investment properties classified in 2013 and comprising Hidden Dragon Bay with only 24,328 sq. m. is not of comparable scale.

Finance costs

The finance costs increased by about 258.9% to about RMB37.8 million in 2014 from about RMB10.5 million in 2013. This increase was primarily due to increase in bank loans in 2014.

Income tax expenses

The income tax expenses decreased by about 35.1% to about RMB237.7 million in 2014 from about RMB366.2 million in 2013. The decrease was due to the decrease in assessable profits in 2014 arising mainly from the decrease in recognised revenue of property business.

Capital structure

As at 31 December 2014, the Group had aggregate cash and cash equivalents and restricted cash of about RMB1,589.4 million (2013: RMB1,632.4 million). It was almost the same level of that in 2013. The current ratio was 0.94 (2013: 1.33).

As at 31 December 2014, the bank loans and other borrowings of the Group repayable within one year and after one year were about RMB2,045.6 million and RMB4,920.6 million respectively (2013: RMB835.9 million and RMB4,620.4 million 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 2014 amounted to about RMB37.8 million (2013: RMB10.5 million) in total. Interests in the amount of about RMB532.7 million (2013: RMB473.1 million) were capitalized during the year under review. Interest coverage (including amount of interests capitalized) was 0.02 times (2013: 1.20 times). As at 31 December 2014, the ratio of total liabilities to total assets of the Group was 0.66 (2013: 0.64).

The ratio of bank loans and other borrowings to total assets was 0.34 (2013: 0.32). The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.77 (2013: 0.62) (net debt is defined as total debt less cash and cash equivalent, and total restricted cash).

Capital commitments

As at 31 December 2014, the capital commitments of the Group were about RMB2,071.4 million (2013: RMB1,723.7 million), 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 2014, the contingent liabilities of the Group was about RMB2,520.8 million (2013: RMB2,094.3 million), 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 2014, investment properties of the Group with carrying value of about RMB2,094.0 million (2013: RMB1,576.6 million), properties under development of about RMB2,658.7 million (2013: RMB2,134.9 million), completed properties of about RMB2,160.1 million (2013: 1,841.1 million) and property and equipment of about RMB153.7 million (2013: RMB31.5 million) were pledged to secure the banking facilities of the Group. There were time deposits of about RMB320.0 million being pledged as at 31 December 2014 (2013: 247.8 million).

Foreign exchange risk

As the sales, purchase and bank borrowings of the Group in 2014 and 2013 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 2014 and 2013.

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

There was no matter occurred that bears significant effect to the Group between the year end date and the date of this announcement.

Prospects

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. With the relaxation of the regulatory measures on the real estate market, coupled with the recent interest rate cut imposed by the People's Bank of China amid slower economic growth, it is expected that there will be a stable real estate market in 2015.

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, particularly, 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.

Following the successful implementation by the Company of the spin-off of the commercial property section which was listed on the Stock Exchange on 10 July 2014, the Group has established 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 do not recommend the payment of dividend for the year 2014 (2013: RMB0.18 per share).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, the Company repurchased a total of 19,053,000 shares on the the Stock Exchange pursuant to the general mandate granted by the shareholders at the annual general meetings held on 19 May 2014, details of which were as follows:–

Month/year	**Number of shares purchased**	**Highest price paid** *HKD*	**Lowest price paid** *HKD*	**Total paid** *HKD*
August 2014	390,000	1.27	1.23	486,190
September 2014	380,000	1.30	1.27	489,190
November 2014	4,964,000	1.22	1.17	5,894,080
December 2014	13,319,000	1.26	1.20	16,414,660
	19,053,000			23,284,120

All shares repurchased were cancelled and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the Company and its shareholders as a whole by enhancing the value of the net assets and earnings per share of the Company.

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 2014 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 WEBSITES 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 2015