众安房产
ZHONG AN REAL ESTATE

(Stock code: 00672.HK)

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2011 Interim Report

眾安房產有限公司
ZHONG AN REAL ESTATE LIMITED
(incorporated in the Cayman Islands with limited liability)

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr Shi Kancheng (alias Shi Zhongan)
(Chairman and Chief Executive Officer)
Mr Lou Yifei
Ms Shen Tiaojuan
Mr Zhang Jiangang

Independent non-executive Directors
Professor Pei Ker Wei
Professor Wang Shu Guang
Dr Loke Yu (alias Loke Hoi Lam)

Company Secretary

Mr Lam Yau Yiu

Registered Office

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Hutchins Drive
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Grand Cayman KY1-1111
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Head Office in the PRC

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Xiaoshan District
Hangzhou
Zhejiang Province
The PRC

Principal Place of Business in Hong Kong

Room 4006, 40/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Company's Website

www.zafc.com

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Agricultural Bank of China
Bank of Communications
China Construction Bank Corporation,
Hong Kong Branch
Hang Seng Bank Limited

Legal Advisers as to Hong Kong Laws

Chiu & Partners

Auditors

Ernst & Young

FINANCIAL HIGHLIGHTS

	Unaudited For the six-month period ended 30 June		
	2011	2010	Percentage of increase/ (decrease)
Revenue (RMB'000)	**246,631**	207,898	18.6
Profit attributable to owners of the parent (RMB'000)	**46,378**	82,870	(44.0)
Basic and diluted earnings per share (RMB)	**0.02**	0.04	(50.0)

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 (the "Group") for the six-month period ended 30 June 2011 (the "period under review") together with the comparative amounts for the corresponding period. The unaudited condensed consolidated interim information for the six-month period ended 30 June 2011 and the interim report have been reviewed and confirmed by the audit committee of the Company and the Company's auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The unaudited consolidated revenue of the Group was RMB246,631,000 for the six-month period ended 30 June 2011, representing an increase of 18.6% from RMB207,898,000 for the corresponding period in 2010. The unaudited profit attributable to the owners of the parent was RMB46,378,000 for the six-month period ended 30 June 2011, representing a decrease of 44.0% from RMB82,870,000 for the corresponding period in 2010. The unaudited earnings per share for the six-month period ended 30 June 2011 was RMB0.02 (corresponding period in 2010: RMB0.04), representing a decrease of 50.0%.

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2011 (corresponding period in 2010: nil).

The property market of China had been affected by the continuous implementation of regulatory measures set by the central government. The sales volume of the Hangzhou residential properties sold in the first half of 2011 as recorded was about 1,243,000 sq. m., representing a decrease of about 5.9% as compared with that of the corresponding period in 2010. Whereas the average sales price of Hangzhou residential properties sold in the first half of 2011 was RMB23,700 per sq. m., representing an increase of about 15.9% as compared to that of the corresponding period in 2010.

The sales volume of residential properties in the Anhui Province in the first half of 2011 as recorded was about 20,130,000 sq. m., representing an increase of 11.4% as compared to that of the corresponding period in 2010. The average sales price was about RMB4,960 per sq. m., representing an increase of 22.7% as compared to that of the corresponding period in 2010. The regulatory measures did not appear to impose a significant impact on the property market in the Anhui Province, the PRC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In view of the implementation of macro-economic controls by the central government of the PRC that affected the property market, the Group has been continuing to maintain a stable operation strategy. In this respect, the Group launched the pre-sale of the development projects early this year. Hence, the volume of pre-sale was within our expectation during the period under review.

The pre-sale projects in Zhejiang and Anhui Province will be completed in phases and the revenue will be recorded in this year.

Sales and earnings

The area of property sold and delivered by the Group for the six-month period ended 30 June 2011 was 22,337 sq. m. (corresponding period in 2010: 16,804 sq. m.), representing an increase of 32.9%. Such increase was due to the fact that more units were completed in 2010 and more sales could be recognized in the period under review compared to that of corresponding period in 2010.

The gross profit for the six-month period ended 30 June 2011 was RMB129,740,000 (corresponding period in 2010: RMB 89,026,000), representing an increase of 45.7%. Such increase was due to the recognition of sale of townhouse of Landscape Bay in Xiaoshan District, Hangzhou which were sold at higher prices and not recognized in corresponding period in 2010.

Landscape Bay, Hangzhou, Zhejiang Province

MANAGEMENT'S DISCUSSION AND ANALYSIS

The average sales price per sq. m. achieved by the Group for the six-month period ended 30 June 2011 was RMB8,650 (corresponding period in 2010: RMB9,720), representing a decrease of 11.0%. The average cost per sq. m. for the six-month period ended 30 June 2011 was RMB4,665 (corresponding period in 2010: RMB6,117), representing a decrease of 23.75%. The primary reason for such drop was that the majority of sales came from the sales of apartments of Vancouver City in Anhui Province which were sold with lower prices and cost of sales.

The unaudited profit attributable to the owners of the parent was RMB46,378,000 for the six-month period ended 30 June 2011 (corresponding period in 2010: RMB82,870,000), representing a decrease of 44.0%. The decrease was mainly due to the fact that the increase in fair value of the investment properties for the period under review was less than that of the corresponding period in 2010. The unaudited increase in fair value of investment properties for the six-month period ended 30 June 2011 was RMB105,550,000 (RMB79,162,500 net of relevant corporate income tax), whereas the same was RMB186,280,000 for the corresponding period in 2010 (RMB139,710,000 net of relevant corporate income tax). The decrease in fair value of investment property for the six-month period ended 30 June 2011 was mainly because the property market had been affected by the macro-economic controls imposed by the central government of the PRC.

Contract sales

Up to 30 June 2011, the GFA for contract sales by the Group was approximately 94,531 sq. m.. Set out below are the details on the area for contract sales from the projects:

City	Project	Interest	Contract GFA (sq.m.)
Hangzhou	Landscape Bay	92.6%	16,341
Hangzhou	White Horse Noble Mansion	99.7%	1,872
Hangzhou	Yinlong Bay	94.5%	20,390
Yuyao	Yuelong Bay	90.0%	10,985
Hefei	Green Harbour	84.2%	3,145
Huaibei	Vancouver City	100.0%	41,798
Total			94,531

International Office Centre, Hangzhou, Zhejiang Province

MANAGEMENT'S DISCUSSION AND ANALYSIS

Green Harbour, Hefei, Anhui Province

Booked sales

Up to 30 June 2011, the GFA for booked by the Group was approximately 22,337 sq. m.. Set out below are the details on the booked sales from these projects:

City	Project	Interest	Booked GFA (sq.m.)
Hangzhou	Landscape Bay	92.6%	2,881
Hangzhou	White Horse Noble Mansion	99.7%	777
Hefei	Green Harbour	84.2%	1,689
Huaibei	Vancouver City	100.0%	16,990
Total			22,337

Land reserve

As of 30 June 2011, the total GFA of the Group's land bank in Zhejiang Province, Anhui Province and Jiangsu Province was 4,565,142 sq. m., 1,848,083 sq. m. and 232,000 sq. m. respectively, which was 6,645,225 sq. m. in total. This sizable land bank is sufficient for development by the Group in the coming four to five years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Details of land bank as of 30 June 2011:

	Type of property	Total GFA (sq.m.)	GFA available for sale/leasing (sq.m.)	Percentage of interest in the project attributable to the Group
A piece of land for Landscape Bay at Ning Wei Town, Hangzhou, Zhejiang Province	Residential/retail spaces	232,652	177,348	92.6%
A piece of land for Huifeng Plaza at Xiaoshan District, Hangzhou, Zhejiang Province	Residential	49,920	40,311	90.0%
A piece of land for Yinlong Bay at Wenyan Town, Xiaoshan District, Hangzhou, Zhejiang Province	Residential/retail spaces/offices	243,184	196,490	94.5%
A piece of land for Phase A, International Office Centre at Hangzhou, Zhejiang Province	Residential/offices/hotels	739,133	641,875	100.0%
A piece of land for Phase B & C, International Office Centre at Hangzhou, Zhejiang Province	Residential/offices/hotels/retail spaces	1,526,895	1,108,000	100.0%
A piece of land for Shanshuiyi Garden at Qiandaohu Town, Chunan County, Zhejiang Province	Residential/hotels	34,608	23,808	100.0%
A piece of land for Shanshuiyi County at Xiaoheshan, Hangzhou, Zhejiang Province	Residential	229,040	158,697	90.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Type of property	Total GFA (sq.m.)	GFA available for sale/leasing (sq.m.)	Percentage of interest in the project attributable to the Group
A piece of land at north to Shenggui Hill, Yuyao, Zhejiang Province				
Phase 1 – Yuelong Bay	Residential	196,519	133,491	90.0%
Phase 2	Residential	164,614	164,614	91.5%
Zhong An Times Square*	Residential/offices/ hotels/retail spaces	640,736	407,601	91.5%/90.0%
A piece of land for at Xinzhou Road and Xinghe Road, Yuhang Economic Development Zone, Hangzhou, Zhejiang Province	Residential/retail spaces	507,841	377,030	45.9%
Sub-total for land bank in Zhejiang Province		4,565,142	3,429,265	
Vancouver City, Phase 3B – 3D, Huaibei, Anhui Province	Residential/retail spaces	309,712	280,712	100.0%
Vancouver City, Phase 4 – 6, Huaibei, Anhui Province	Residential/retail spaces/hotel	792,126	678,542	100.0%
Green Harbour, Phase 1C, Hefei, Anhui Province	Residential	77,745	51,593	84.2%
Green Harbour, Phase 2, Hefei, Anhui Province	Residential/retail spaces	108,200	84,200	84.2%
Green Harbour, Phase 3 – 6, Hefei, Anhui Province	Residential/retail spaces/hotel	560,300	492,500	84.2%
Sub-total for land bank in Anhui Province		1,848,083	1,587,547	
A piece of land at Suzhou Industrial Park, Suzhou, Jiangsu Province	Residential/offices/hotel/ retail spaces	232,000	152,000	45.0%
Total land bank		6,645,225	5,168,812	

* *The project will be jointly developed by two subsidiaries of the Group.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

Human resources and remuneration policy

As of 30 June 2011, the Group employed 1,340 staff (30 June 2010: 1,099 staff). For the six-month period ended 30 June 2011, the unaudited staff cost of the Group was approximately RMB54,369,000 (corresponding period of 2010: approximately RMB34,057,000) representing an increase of 59.6%. The increase was due to the increase of the headcounts for business development, additional amortization of share-based payments under the share option scheme adopted by the Company on 15 May 2009 and the grant of 80 million share options on 22 January 2011, and the adoption of better remuneration policy to recruit staff with higher quality.

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

Dividend policy

The Board shall determine the dividend policy of the Company 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 subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in many aspects from IFRS. 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 its 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 Group or its subsidiaries may enter into in the future.

Capital structure

As of 30 June 2011, the Group had aggregate cash and cash equivalents of RMB667,970,000 (31 December 2010: RMB1,007,979,000). The decrease was due to an increase in operation expense (mainly construction cost of the projects).

The current ratio as at 30 June 2011 was 1.4 (31 December 2010: 1.4).

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at 30 June 2011, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB646,500,000 and RMB2,917,806,000 respectively (31 December 2010: approximately RMB950,500,000 and RMB1,823,500,000 respectively).

The unaudited consolidated interest expenses for the six-month period ended 30 June 2011 amounted to RMB893,000 (corresponding period in 2010: RMB3,614,000) in total. In addition, for the six-month period ended 30 June 2011, interests with an unaudited amount of RMB96,274,000 (corresponding period in 2010: RMB50,534,000) were capitalized. Interest coverage ratio (including amount of interests capitalized) was 0.02 times (corresponding period in 2010: (1.0) times).

As at 30 June 2011, the ratio of total liabilities to total assets of the Group was 62.2% (31 December 2010: 56.8%).

As at 30 June 2011, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 75.0% (31 December 2010: 60.5%). The ratio of bank loans and other borrowings to total assets was 27.3% (31 December 2010: 24.8%). The increase was due to the bank loans granted in the period under review.

Capital commitments

As at 30 June 2011, the capital commitments of the Group were RMB1,757,471,000 (31 December 2010: RMB2,185,729,000), which were mainly the capital commitments for land acquisition costs and construction costs. It is expected that the Group will finance such commitments from its own funds and/or bank loans.

Guarantees and contingent liabilities

As at 30 June 2011, the contingent liabilities of the Group was approximately RMB780,350,000 (31 December 2010: RMB659,460,000), 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 2011, investment properties of the Group with net book value of approximately RMB1,736,800,000 (31 December 2010: approximately RMB1,645,300,000), properties under development of approximately RMB3,245,306,000 (31 December 2010: approximately RMB2,684,405,000) and properties under the category of property and equipment of approximately RMB146,617,000 (31 December 2010: RMB150,542,000) were pledged to secure the banking facilities of the Group.

As at 30 June 2011, deposits of approximately RMB18,073,000 (31 December 2010: RMB16,558,000) and RMB370,272,000 (31 December 2010: RMB412,000,000) were pledged to banks as security for the mortgage facilities granted to purchasers of the Group's properties and to secure interest-bearing bank loans granted to the Group respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Foreign Exchange Risk

As the sales, purchase and bank borrowings of the Group in the first half of 2011 and the corresponding period in 2010 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 the first half of 2011 and the corresponding period in 2010.

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

There are no events which cause material impact on the Group from the end of the reporting period to the date of this report.

Prospects and outlook

It is expected that the central government of the PRC will not in near future relieve the regulatory measures imposed. However, the Board believes that the property market will adapt to the environment under the regulatory measures and will be stabilized gradually.

The Group maintains abundant low cost land bank on hand and will continue to focus on the development in Yangtze River Delta, while keeping to acquire land in strategic development region for our needs in the future development. We will also continue to have stable financial management.

Yuelong Bay, Yuyao, Zhejiang Province

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the board of directors of Zhong An Real Estate Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial information set out on pages 14 to 38 which comprising of the interim consolidated statement of financial position of Zhong An Real Estate Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as at 30 June 2011, and the related interim consolidated income statement, interim consolidated statements of comprehensive income and changes in equity, and interim condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ("HKSRE 2410") "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
31 August 2011

INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2011

		For the six-month period ended 30 June	
		2011	2010
	Notes	**RMB'000** **(Unaudited)**	RMB'000 (Unaudited)
Revenue	*4*	**246,631**	207,898
Cost of sales		**(116,891)**	(118,872)
Gross profit		**129,740**	89,026
Other income	*4*	**10,854**	1,510
Selling and distribution costs		**(50,905)**	(34,158)
Administrative expenses		**(95,307)**	(71,832)
Other expenses		**(4,011)**	(30,792)
Increase in fair value of investment properties	*9*	**105,550**	186,280
Finance costs		**(893)**	(3,614)
Profit before tax	*5*	**95,028**	136,420
Income tax expense	*6*	**(39,284)**	(47,125)
Profit for the period		**55,744**	89,295
Attributable to:			
Owners of the parent		**46,378**	82,870
Non-controlling interests		**9,366**	6,425
		55,744	89,295
Earnings per share attributable to ordinary equity holders of the parent (RMB)	*7*		
Basic and diluted		**2 cent**	4 cents

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2011

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**55,744**	89,295
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**(6,486)**	533
Total comprehensive income for the period	**49,258**	89,828
Attributable to:		
Owners of the parent	**39,892**	83,403
Non-controlling interests	**9,366**	6,425
	49,258	89,828

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	**30 June 2011 RMB'000 (Unaudited)**	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment	*8*	**226,163**	195,710
Investment properties	*9*	**2,037,000**	1,931,000
Properties under development	*10*	**1,854,178**	1,130,603
Available-for-sale investments		**3,300**	3,300
Investments in a jointly-controlled entity	*11*	**175,776**	–
Long term prepayments		**2,167,192**	1,860,027
Deferred tax assets		**96,848**	71,737
Total non-current assets		**6,560,457**	5,192,377
CURRENT ASSETS			
Completed properties held for sale		**1,224,788**	1,139,350
Properties under development	*10*	**3,448,508**	2,981,185
Inventories		**23,640**	14,191
Trade receivables	*12*	**8,384**	16,139
Note receivables		**2,000**	–
Prepayments, deposits and other receivables		**735,045**	359,520
Equity investment at fair value through profit or loss		**6,703**	–
Pledged deposits	*13*	**388,345**	428,558
Cash and cash equivalents	*13*	**667,970**	1,007,979
Total current assets		**6,505,383**	5,946,922
CURRENT LIABILITIES			
Trade payables	*14*	**391,171**	508,998
Other payables and accruals		**638,326**	587,741
Advances from customers		**2,858,115**	1,725,582
Interest-bearing bank and other borrowings	*15*	**646,500**	950,500
Tax payable		**250,299**	341,618
Total current liabilities		**4,784,411**	4,114,439
NET CURRENT ASSETS		**1,720,972**	1,832,483
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,281,429**	7,024,860

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,281,429**	7,024,860
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*15*	**2,917,806**	1,823,500
Deferred tax liabilities		**423,242**	387,017
Total non-current liabilities		**3,341,048**	2,210,517
Net assets		**4,940,381**	4,814,343
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*16*	**223,425**	219,216
Reserves		**4,529,366**	4,416,903
		4,752,791	4,636,119
Non-controlling interests		**187,590**	178,224
Total equity		**4,940,381**	4,814,343

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2011

	Attributable to owners of the parent											
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Capital deficit 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	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	219,216	2,942,944	39,318	(43,902)	40,396	142,616	8,239	(73,898)	1,361,190	4,636,119	178,224	4,814,343
Profit for the period	–	–	–	–	–	–	–	–	46,378	46,378	9,366	55,744
Other comprehensive income for the period	–	–	–	–	–	–	–	(6,486)	–	(6,486)	–	(6,486)
Total comprehensive income for the period	–	–	–	–	–	–	–	(6,486)	46,378	39,892	9,366	49,258
Issue of new shares	4,209	53,618	–	–	–	–	–	–	–	57,827	–	57,827
Equity-settled share option arrangements	–	–	–	–	18,953	–	–	–	–	18,953	–	18,953
At 30 June 2011 (Unaudited)	223,425	2,996,562	39,318	(43,902)	59,349	142,616	8,239	(80,384)	1,407,568	4,752,791	187,590	4,940,381

	Attributable to owners of the parent											
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Capital reserve/ (deficit) 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	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010	185,339	2,976,821	39,318	9,451	15,519	115,429	8,234	(78,705)	1,008,623	4,280,029	144,411	4,424,440
Profit for the period	–	–	–	–	–	–	–	–	82,870	82,870	6,425	89,295
Other comprehensive income for the period	–	–	–	–	–	–	–	533	–	533	–	533
Total comprehensive income for the period	–	–	–	–	–	–	–	533	82,870	83,403	6,425	89,828
Acquisition of non-controlling interests*	–	–	–	(53,353)	–	–	–	–	–	(53,353)	(4,588)	(57,941)
Equity-settled share option arrangements	–	–	–	–	15,559	–	–	–	–	15,559	–	15,559
At 30 June 2010 (Unaudited)	185,339	2,976,821	39,318	(43,902)	31,078	115,429	8,234	(78,172)	1,091,493	4,325,638	146,248	4,471,886

* In February 2010, the Group acquired the remaining 5% non-controlling interest in a subsidiary of the Group in Mainland China from the non-controlling shareholder at a total consideration of RMB57,941,000. The difference between the consideration and the book value of the share of the net assets acquired of RMB53,353,000 was recognised as an equity transaction.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2011

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	**(1,242,461)**	(964,595)
Net cash outflow from investing activities	**(146,997)**	(12,717)
Net cash inflow from financing activities	**1,055,935**	836,712
Net decrease in cash and cash equivalents	**(333,523)**	(140,600)
Cash and cash equivalents at beginning of period	**1,007,979**	891,787
Effect of foreign exchange rate changes, net	**(6,486)**	533
Cash and cash equivalents at end of period	**667,970**	751,720
Analysis of balances of cash and cash equivalents		
Cash and bank balances and time deposits	**667,970**	751,720

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

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 all located in Zhejiang, Jiangsu and Anhui Provinces, the People's Republic of China (the "PRC").

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, alias 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 2011 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 2010.

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 2010, except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") and interpretations as of 1 January 2011, noted below:

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemptions from Comparative IFRS 7 Disclosure for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

Other than as further explained below regarding the impact of IAS 24 (Revised), amendment to IFRS3, IAS1 and IAS27 included in *Improvements to IFRSs 2010*, the adoption of these new and revised IFRSs had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IAS 24 (Revised) *Related Party Disclosures*

The revised standard clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(b) *Improvements to IFRSs 2010* issued in May 2010 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of Group. Details of the key amendments most applicable to the Group are as follows:

- IFRS 3 *Business Combinations*: The amendment clarifies that that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

  In addition, the measurement options available for non-controlling interest have been amended. Only components of non-controlling interests that constitute a present ownership interest that entitles their holders to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements.

- IAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the transition requirements of IAS 27 (as revised in 2008) shall be applied to consequentially amended standards.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of issued but not yet effective IFRSs

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

Amendments to IFRS1	Amendments to IFRS1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
Amendments to IFRS7	Amendments to IFRS 7 Financial Instruments: *Disclosures – Transfer of Financial Assets*[1]
Amendments to IAS12	Amendments to IAS12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
IAS1 *(Revised)*	*Presentation of Financial Statements on the Presentation of Other Comprehensive Income ("OCI")*[3]
IAS 19 *(Revised)*	*Employee Benefits*[4]
IFRS 9	*Financial Instruments: Classification and measurement*[4]
IFRS 10	*Consolidated Financial Statements*[4]
IFRS 11	*Joint Arrangements*[4]
IFRS 12	*Disclosure of Interests in Other Entities*[4]
IFRS 13	*Fair Value Measurement*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

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 may result in changes in accounting policies and 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 four reportable operating segments as follows:

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

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

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

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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, dividend income as well as head office and corporate expenses are excluded from such measurement.

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 periods ended 30 June 2011 and 2010, respectively.

Six-month period ended 30 June 2011 (unaudited)	**Property development RMB'000**	**Property rental RMB'000**	**Hotel operations RMB'000**	**Others RMB'000**	**Total RMB'000**
Segment revenue:					
Sales to external customers	175,960	37,307	27,510	5,854	246,631
Intersegment sales	11,000	–	–	1,845	12,845
	186,960	37,307	27,510	7,699	259,476
Reconciliation:					
Elimination of intersegment sales					(12,845)
Revenue					246,631
Segment results	18,524	114,955	1,225	(21,885)	112,819
Reconciliation:					
Interest income					2,055
Share option expenses					(18,953)
Finance costs					(893)
Profit before tax					95,028

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2010 (unaudited)	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	158,510	17,493	28,115	3,780	207,898
Intersegment sales	6,620	–	–	–	6,620
	165,130	17,493	28,115	3,780	214,518
Reconciliation:					
Elimination of intersegment sales					(6,620)
Revenue					207,898
Segment results	(25,546)	189,872	3,608	(13,270)	154,664
Reconciliation:					
Interest income					929
Share option expenses					(15,559)
Finance costs					(3,614)
Profit before tax					136,420

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 30 June 2011 and 31 December 2010, respectively:

As at 30 June 2011 (unaudited)	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment assets	**10,085,386**	**2,097,561**	**399,368**	**1,066,657**	**13,648,972**
Reconciliation:					
Elimination of intersegment receivables					**(1,359,954)**
Corporate and other unallocated assets					**776,822**
Total assets					**13,065,840**

As at 31 December 2010 (audited)	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment assets	8,170,098	1,966,343	399,746	1,212,362	11,748,549
Reconciliation:					
Elimination of intersegment receivables					(1,700,971)
Corporate and other unallocated assets					1,091,721
Total assets					11,139,299

Geographical Information

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

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 2011 and 2010.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

4. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Sale of properties	**193,210**	163,327
Property leasing income	**33,475**	22,572
Property management fee income	**6,711**	3,978
Hotel operating income	**29,255**	29,813
Less: business tax and surcharges	**(16,020)**	(11,792)
	246,631	207,898
Other income		
Interest income	**2,055**	929
Others	**8,799**	581
	10,854	1,510

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

5. PROFIT BEFORE TAX

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

	Note	For the six-month period ended 30 June 2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited) (restated)
Cost of properties sold		**104,193**	102,794
Depreciation		**9,560**	8,734
Minimum lease payments under operating leases:			
– Office premises		**2,787**	2,557
Amortisation of land use rights		**2,222**	2,222
Staff costs		**54,369**	34,057
Foreign exchange differences, net		**(5,309)**	89
Impairment of other receivables		**–**	29,517
Fair value gains, net:			
Equity investments at fair value through profit ot loss		**(1,153)**	–
Changes in fair value of investment properties	*9*	**(105,550)**	(186,280)
Gain on disposal of items of property and equipment		**(65)**	–

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the 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 2010: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The People's Republic of 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

6. INCOME TAX (CONTINUED)

	For the six-month period ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC corporate income tax for the period	**19,663**	8,500
PRC land appreciation tax for the period	**8,507**	6,907
Deferred tax	**11,114**	31,718
Total tax charge for the period	**39,284**	47,125

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

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent of RMB46,378,000 (six-month period ended 30 June 2010: RMB82,870,000) and the weighted average number of ordinary shares of 2,360,212,000 (six-month period ended 30 June 2010: 2,331,206,400) in issue during the period.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

8. PROPERTY AND EQUIPMENT

During the six-month period ended 30 June 2011, the Group acquired property and equipment with a cost of RMB 40,329,000 (six-month period ended 30 June 2010: RMB7,819,000) and disposed of/wrote off property and equipment with a net carrying amount of RMB469,000 (six-month period ended 30 June 2010: nil).

Certain of the Group's property and equipment with a net book value of RMB146,617,000 (31 December 2010: RMB150,542,000) were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 15.

9. INVESTMENT PROPERTIES

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
At beginning of period/year	**1,931,000**	1,608,800
Additions	**450**	–
Transfer from completed properties held for sale	**–**	45,520
Gain from fair value adjustments	**105,550**	276,680
At end of period/year	**2,037,000**	1,931,000

The Group's investment properties as at 30 June 2011 were revalued with the assistance of an independent professionally qualified valuer, CB Richard Ellis Limited, at fair value. CB Richard Ellis Limited is an industry specialist in investment property valuation. The fair value represents the amount at which the assets could be exchanged between a knowledgeable and willing buyer and a seller in an arm's length transaction at the date of valuation, in accordance with the International Valuation Standards.

Certain of the Group's investment properties with a value of RMB1,736,800,000 (31 December 2010: RMB1,645,300,000) were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 15.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

10. PROPERTIES UNDER DEVELOPMENT

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
At beginning of period/year	**4,111,788**	1,950,922
Additions	**1,399,816**	3,531,101
Amortisation of land use rights recognised as expenses	**(2,222)**	(4,444)
Transfer to property and equipment	**–**	(10,650)
Transfer to completed properties held for sale	**(206,696)**	(1,355,141)
At end of period/year	**5,302,686**	4,111,788
Current assets	**3,448,508**	2,981,185
Non-current assets	**1,854,178**	1,130,603
	5,302,686	4,111,788

The Group's properties under development were located in Mainland China.

Certain of the Group's properties under development with a net book value of RMB 3,245,306,000 (31 December 2010: RMB2,684,405,000,) were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 15.

11. INVESTMENTS IN A JOINTLY-CONTROLLED ENTITY

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Share of net assets	**10,000**	–
Loans to a jointly-controlled entity	**165,776**	–
	175,776	–

The loans to a jointly-controlled entity are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as quasi-equity investments in the jointly-controlled entities.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

12. TRADE RECEIVABLES

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

Trade receivables are non-interesting-bearing and unsecured.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Cash and bank balances	**619,017**	987,955
Time deposits	**437,298**	448,582
	1,056,315	1,436,537
Less: Pledged deposits	**(388,345)**	(428,558)
Cash and cash equivalents	**667,970**	1,007,979

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks.

As at 30 June 2011 and 31 December 2010, the Group's time deposits of RMB18,073,000 and RMB16,558,000, respectively, were pledged to banks as guarantees to mortgage facilities granted to purchasers of the Group's properties.

As at 30 June 2011 and 31 December 2010, the Group's time deposits of RMB370,272,000 and RMB412,000,000, respectively, were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 15.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

14. 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:

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Within six months	**356,440**	475,635
Over six months but within one year	**3,112**	8,903
Over one year	**31,619**	24,460
	391,171	508,998

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Current:		
Bank loans-secured	**646,500**	650,500
Other loans-secured	**–**	300,000
	646,500	950,500
Non-current:		
Bank loans-secured	**2,917,806**	1,823,500
Repayable:		
Within one year	**646,500**	950,500
Over one year but within two years	**633,200**	658,000
Over two years but within five years	**2,022,106**	878,000
Over five years	**262,500**	287,500
	3,564,306	2,774,000
Current liabilities	**646,500**	950,500
Non-current liabilities	**2,917,806**	1,823,500

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

All bank loans bear interest at floating rates as at 30 June 2011.

The Group's bank loans bear interest at rates ranging from 2.01% to 9.28% per annum as at 30 June 2011 (31 December 2010: 5.31% to 6.91% per annum).

As at 30 June 2011, except for a bank loan which was dominated in United States dollars of USD78,235,000, equivalent to RMB506,306,000 (31 December 2010: nil), all bank and other borrowings of the Group were in Renminbi.

The Group's bank borrowings are secured by:

(i) the Group's investment properties with a value of approximately RMB 1,736,800,000 as at 30 June 2011 (31 December 2010: RMB1,645,300,000);

(ii) the Group's properties under development with a carrying amount of approximately RMB 3,245,306,000 as at 30 June 2011 (31 December 2010: RMB2,684,405,000);

(iii) the Group's property and equipment with a net book value of approximately RMB 146,617,000 as at 30 June 2011 (31 December 2010: RMB150,542,000); and

(iv) the Group's time deposits of RMB370,272,000 as at 30 June 2011 (31 December 2010: RMB412,000,000).

16. SHARE CAPITAL

Shares

	30 June 2011 '000 (unaudited)	31 December 2010 '000 (audited)
Authorised:		
4,000,000,000 (31 December 2010: 4,000,000,000) ordinary shares of HK$0.10 each	**HK$400,000**	HK$400,000
Issued and fully paid:		
2,381,206,400 (31 December 2010: 2,331,206,400) ordinary shares of HK$0.10 each	**RMB223,425**	RMB219,216

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

16. SHARE CAPITAL (CONTINUED)

During the period, the movement in share capital was as follows:

On 10 March 2011, Whole Good Management Limited ("Whole Good") agreed to (i) place, through the placing agent, on a best effort basis, a maximum of 50,000,000 ordinary shares of HK$0.10 each of the Company ("Placing Shares") held by the Whole Good to not less than six placees, who and (if applicable) whose ultimate beneficial owners are independent of, and not connected with, the Company and its connected persons, at a price of HK$1.40 per Placing Share; and (ii) subscribe for such number of new shares of HK$0.10 each of the Company ("Top-Up Subscription Share) equivalent to the number of Placing Shares sold by the Whole Good under the placing at a price of HK$1.40 per Top-Up Subscription Share.

On 15 March 2011, an aggregate of 50,000,000 Placing Shares had been successfully placed by a placing agent to the placees at the placing price of HK$1.40 per Placing Share. On 18 March 2011, Whole Good had subscribed for an aggregate of 50,000,000 Top-Up Subscription Shares at a price of HK$1.40 per Top-Up Subscription Share. None of the Placees has become a substantial shareholder (as defined in the Listing Rules) as a result of the Placing and the Top-Up Subscription.

17. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

(a) Outstanding balances with related parties

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Due from other related parties	**8,292**	8,292

The balances are non-trade in nature, unsecured, interest-free and are repayable on demand.

(b) Compensation of key management personnel of the Group

	For the six–month period ended 30 June	
	2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited)
Total compensation	**5,616**	4,037

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

18. COMMITMENTS

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

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Contracted, but not provided for:		
Properties under development	**1,757,471**	2,185,729

19. OPERATING LEASE COMMITMENTS

As lessor

The Group leases out its investment properties and certain completed properties for sales under operating lease arrangements, on terms ranging from one to fifteen years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the statement of financial position dates, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Within one year	**59,363**	53,486
After one year but not more than five years	**136,271**	133,418
More than five years	**37,290**	29,569
	232,924	216,473

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
As at 30 June 2011

19. OPERATING LEASE COMMITMENTS (CONTINUED)

As lessee

The Group leases certain of its office premises under operating lease arrangements, negotiated for terms of five years with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 30 June 2011 and 31 December 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Within one year	**6,348**	7,901
After one year but not more than five years	**14,827**	17,253
More than five years	**34,434**	33,333
	55,609	58,487

20. CONTINGENT LIABILITIES

	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**780,350**	659,460

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2011

20. CONTINGENT LIABILITIES (CONTINUED)

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 titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end 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 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.

21. EVENTS AFTER THE REPORTING PERIOD

There are no events to cause material impact on the Group after 30 June 2011.

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors of the Company on 31 August 2011.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2011, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Number of shares held and nature of interest in the Company:

Name of Director	Capacity	Number and class of securities held	Approximate percentage of interest	Long/Short Position
Mr Shi Kancheng	Interest of controlled corporation *(Note)*	1,628,760,000 shares of HK$0.1 each in the capital of the Company	68.40%	Long

Note: These shares are held by Whole Good Management Limited, the entire issued share capital of which is solely and beneficially owned by Mr. Shi Kancheng.

Long positions in underlying shares of the Company:

Name of Director	Capacity	Number of underlying Shares held *(Note)*	Approximate percentage of the Company's issued share capital
Mr Shi Kancheng	Beneficial owner	5,183,720	0.22
Ms Shen Tiaojuan	Beneficial owner	2,641,860	0.11
Mr Lou Yifei	Beneficial owner	2,421,705	0.10
Mr Zhang Jiangang	Beneficial owner	2,421,705	0.10
Dr Loke Yu	Beneficial owner	660,465	0.03
Professor Pei Ker Wei	Beneficial owner	660,465	0.03
Professor Wang Shu Guang	Beneficial owner	660,465	0.03

Note: These represent the number of Shares which will be allotted and issued to the respective Directors upon the exercise of the subscription rights attached to the share options granted to each of them pursuant to a share option scheme adopted by the Company on 15 May 2009.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2011, none of the Directors and the chief executives of the Company nor their respective associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company, its holdings companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2011, so far as is known to the Directors, the following persons, other than a Director or the chief executive of the Company, have an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	**Capacity**	**Number of shares held**	**Percentage of the Company's issued share capital**	**Long/Short Position**
Whole Good Management Limited *(Note)*	Beneficial Owner	1,628,760,000	68.40%	Long
Atlantis Investment Management Limited	Investment Manager	192,400,000	8.08%	Long

Note: These shares are held by Whole Good Management Limited, the entire issued share capital of which is solely and beneficially owned by Mr. Shi Kancheng.

Save as disclosed above, as at 30 June 2011, other than the Director and the chief executive of the Company whose interests or short positions are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Securities" above, the Directors and the chief executive of the Company were not aware of any person who had an interest or a short position in the shares, or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 15 May 2009 (the "Scheme") for the eligible participants (the "Grantees"').

The following table discloses details of the Company's share options ("Options") granted under the Scheme held by employees (including Directors) and non-employees who were eligible under the Scheme, and movement in such holdings during the six months ended 30 June 2011.

Outstanding at 1 January 2011	Number of Options granted	Number of Options exercised	Number of Options cancelled	Number of Options lapsed	Outstanding at 30 June 2011
48,062,016	80,000,000	–	961,240	–	127,100,776

On 22 January 2011, the Company had granted 80,000,000 Options to the Grantees under the Scheme. 6,600,000 Options out of 80,000,000 Options were granted to the Directors as follows:

Capacity		**Name of the Grantee**	**Number of Options**
executive Directors	:	Mr Shi Kancheng	2,300,000
		Mr Lou Yifei	1,100,000
		Ms Shen Tiaojuan	1,200,000
		Mr Zhang Jiangang	1,100,000
independent non-executive Directors	:	Professor Pei Ker Wei	300,000
		Professor Wang Shu Guang	300,000
		Dr Loke Yu	300,000
			6,600,000

Other relevant terms are as follows:

1. The exercise price of Options granted is HK$1.85 per share of the Company;

2. The validity period of the Options is from 22 January 2011 to 21 January 2021 (the "Option Period"); and

3. The Options may be exercisable after three years from the date of grant, i.e. 22 January 2011, (the "Lock-in Period"), provided that the Grantee has achieved the prescribed performance target during the Lock-in Period and has passed the Company's assessment, and be exercisable before the expiry of the Option Period.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the period under review, the Company has adopted a code of conduct regarding the Director's securities transactions on terms no less exacting than the required standard set out in the Model Code.

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

AUDIT COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has set up an audit committee and the terms of reference adopted 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 Professor Wang Shu Guang. The audit committee comprises all of the three independent non-executive Directors.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company (corresponding period in 2010: nil), nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period under review, the Company had applied the principles of the Code on Corporate Governance Practices (the "Code") and complied with the code provisions and certain recommended best practices set out in the Code contained in Appendix 14 to the Listing Rules, except for the deviation from the code provision A.2.1 in which Mr Shi Kancheng 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.