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众安集团
ZHONG AN GROUP

眾安集團有限公司
Zhong An Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 672)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

SUMMARY

- The Group's revenue in the Period under review was approximately RMB9,282.9 million, representing an increase of approximately 127.6% as compared to the corresponding period of 2023
- The Group's gross profit in the Period under review was approximately RMB1,830.0 million, representing an increase of approximately 161.7% as compared to the corresponding period of 2023
- The Group's profit in the Period under review was approximately RMB117.9 million, representing a decrease of approximately 24.5% as compared to the corresponding period of 2023
- The Group's contracted sales in the Period under review was approximately RMB2,875.0 million, representing a decrease of approximately 61.4% as compared to the corresponding period of 2023
- As at 30 June 2024, the Group's total debt asset ratio and net gearing ratio were approximately 69.1% and 44.8% respectively, which had been maintained at a reasonable level

The board (the “**Board**”) of directors (the “**Directors**”) of Zhong An Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**” or the “**Period under review**”), together with the comparative figures for the corresponding period ended 30 June 2023 as below:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	9,282,943	4,078,059
Cost of sales		<u>(7,452,901)</u>	<u>(3,378,863)</u>
Gross profit		1,830,042	699,196
Other income and gains	4	40,109	64,805
Selling and distribution expenses		(117,137)	(158,139)
Administrative expenses		(253,610)	(341,237)
Other expenses		(51,093)	(12,946)
Finance costs		(77,409)	(55,941)
Changes in fair value of investment properties		(535,900)	(29,911)
Share of profits and losses of:			
Joint ventures		21,455	55,166
Associates		<u>(3,591)</u>	<u>66,630</u>
Profit before tax	5	852,866	287,623
Income tax expense	6	<u>(734,965)</u>	<u>(131,559)</u>
Profit for the period		<u>117,901</u>	<u>156,064</u>
Attributable to:			
Owners of the parent		62,509	196,571
Non-controlling interests		<u>55,392</u>	<u>(40,507)</u>
		<u>117,901</u>	<u>156,064</u>
Earnings per share attributable to equity holders of the parent			
Basic and diluted	7	<u>RMB1.11 cents</u>	<u>RMB3.49 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>117,901</u>	<u>156,064</u>
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>6,499</u>	<u>13,837</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>6,499</u>	<u>13,837</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	19,661	–
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(1,932)	62,808
Income tax effect	<u>482</u>	<u>(11,646)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>18,211</u>	<u>51,162</u>
Other comprehensive income for the period, net of tax	<u>24,710</u>	<u>64,999</u>
Total comprehensive income for the period	<u>142,611</u>	<u>221,063</u>
Attributable to:		
Owners of the parent	81,613	246,014
Non-controlling interests	<u>60,998</u>	<u>(24,951)</u>
	<u>142,611</u>	<u>221,063</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	30 June	31 December
	2024	2023
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property and equipment	2,324,174	2,371,886
Investment properties	4,296,100	4,840,200
Properties under development	1,993,692	1,959,634
Right-of-use assets	35,255	83,274
Restricted cash	–	184,982
Equity investments designated at fair value through other comprehensive income	455,231	457,163
Long term prepayments and deposits	456,614	451,495
Investments in joint ventures	1,009,952	1,093,138
Investments in associates	1,282,228	1,285,819
Deferred tax assets	429,334	367,495
	<hr/>	<hr/>
Total non-current assets	12,282,580	13,095,086
CURRENT ASSETS		
Completed properties held for sale	10,255,759	7,551,181
Properties under development	11,672,312	19,017,731
Inventories	38,813	39,997
Trade receivables	304,306	220,738
Prepayments, other receivables and other assets	4,285,816	4,258,159
Financial assets at fair value through profit or loss	88,858	99,542
Loans to joint ventures	648,397	816,098
Loans to associates	876,620	740,104
Restricted cash	1,325,705	1,925,366
Cash and cash equivalents	587,932	787,166
Investment properties classified as held for sale	26,800	18,600
	<hr/>	<hr/>
Total current assets	30,111,318	35,474,682

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
CURRENT LIABILITIES			
Trade payables	9	5,057,602	3,460,881
Other payables and accruals		1,031,769	1,175,552
Contract liabilities		9,310,397	16,671,292
Lease liabilities		48,413	56,351
Amounts due to joint ventures		1,196,243	1,273,867
Amounts due to associates		1,215,171	1,209,012
Interest-bearing bank and other borrowings		3,588,080	2,511,810
Tax payable		2,942,945	2,374,082
		24,390,620	28,732,847
NET CURRENT ASSETS		5,720,698	6,741,835
TOTAL ASSETS LESS CURRENT LIABILITIES		18,003,278	19,836,921
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		4,198,693	5,974,349
Deferred tax liabilities		681,537	815,272
Lease liabilities		27,592	92,100
		4,907,822	6,881,721
Net assets		13,095,456	12,955,200
EQUITY			
Equity attributable to owners of the parent			
Share capital		498,653	498,653
Reserves		9,802,449	9,720,836
		10,301,102	10,219,489
Non-controlling interests		2,794,354	2,735,711
Total equity		13,095,456	12,955,200

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual financial information for the year ended 31 December 2023, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The new and revised standards have had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

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

- (a) the residential segment develops and sells residential properties, and provides property management services, project management services and other services to residential properties in Chinese Mainland and Canada;
- (b) the commercial segment develops and sells commercial properties, leases investment properties, owns and operates hotels and provides property management services, project management services and other services to commercial properties in Mainland China, Japan and the United Kingdom.

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

The following tables presented revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2024 and 2023, respectively.

Six months ended 30 June 2024 (unaudited)	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	6,361,169	2,921,774	9,282,943
Intersegment sales	<u>9,817</u>	<u>–</u>	<u>9,817</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(9,817)</u>
Revenue from operations			<u><u>9,282,943</u></u>
Segment results:	(24,492)	877,358	852,866
Other segment information:			
Share of (gain)/loss of:			
Joint ventures	(25,940)	4,485	(21,455)
Associates	3,591	–	3,591
Depreciation and amortisation	717	64,992	65,709
Capital expenditure	<u>801</u>	<u>24,835</u>	<u>25,636</u>

Six months ended 30 June 2023 (unaudited)	Residential <i>RMB'000</i>	Commercial <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:			
Sales to external customers	3,259,500	818,559	4,078,059
Intersegment sales	<u>118,731</u>	<u>–</u>	<u>118,731</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(118,731)</u>
Revenue from operations			<u>4,078,059</u>
Segment results:	<u>304,734</u>	<u>(17,111)</u>	<u>287,623</u>
Other segment information:			
Share of (gain)/loss of:			
Joint ventures	(55,593)	427	(55,166)
Associates	(66,630)	–	(66,630)
Depreciation and amortisation	7,522	63,344	70,866
Capital expenditure	<u>11,698</u>	<u>21,871</u>	<u>33,569</u>

The following tables present segment assets and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively:

As at 30 June 2024 (unaudited)	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment assets			
<i>Reconciliation:</i>	29,008,967	13,421,184	42,430,151
Elimination of intersegment receivables			<u>(36,253)</u>
Total assets	<u>28,972,714</u>	<u>13,421,184</u>	<u>42,393,898</u>
Segment liabilities	21,081,619	8,253,076	29,334,695
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(36,253)</u>
Total liabilities	<u>21,081,619</u>	<u>8,216,823</u>	<u>29,298,442</u>
As at 31 December 2023 (audited)	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment assets	35,366,685	13,533,007	48,899,692
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(329,924)</u>
Total assets	<u>35,036,761</u>	<u>13,533,007</u>	<u>48,569,768</u>
Segment liabilities	26,922,400	9,022,092	35,944,492
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(329,924)</u>
Total liabilities	<u>26,922,400</u>	<u>8,692,168</u>	<u>35,614,568</u>

Geographical Information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Chinese Mainland	9,282,943	4,069,735
Others	–	8,324
	<u>9,282,943</u>	<u>4,078,059</u>

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

(b) Non-current assets

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
	Chinese Mainland	11,340,061
Others	<u>57,954</u>	<u>80,329</u>
	<u>11,398,015</u>	<u>12,270,428</u>

The non-current assets information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers	9,234,297	4,017,477
Revenue from other sources		
Gross rental income from investment property operating leases	<u>48,646</u>	<u>60,582</u>
	<u>9,282,943</u>	<u>4,078,059</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	Property	Property	Hotel	Total
	development <i>RMB'000</i> (Unaudited)	management and other services <i>RMB'000</i> (Unaudited)	operation <i>RMB'000</i> (Unaudited)	
Types of goods or services				
Sale of properties	8,920,811	-	-	8,920,811
Hotel operating income	-	-	112,651	112,651
Property management and other services	<u>-</u>	<u>200,835</u>	<u>-</u>	<u>200,835</u>
Total revenue from contracts with customers	<u>8,920,811</u>	<u>200,835</u>	<u>112,651</u>	<u>9,234,297</u>
Timing of revenue recognition				
At a point in time	8,920,811	-	112,651	9,033,462
Over time	<u>-</u>	<u>200,835</u>	<u>-</u>	<u>200,835</u>
Total revenue from contracts with customers	<u>8,920,811</u>	<u>200,835</u>	<u>112,651</u>	<u>9,234,297</u>

For the six months ended 30 June 2023

Segments	Property development <i>RMB'000</i> (Unaudited)	Property management and other services <i>RMB'000</i> (Unaudited)	Hotel operation <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services				
Sale of properties	3,627,822	–	–	3,627,822
Hotel operating income	–	–	124,419	124,419
Property management and other services	–	265,236	–	265,236
Total revenue from contracts with customers	<u>3,627,822</u>	<u>265,236</u>	<u>124,419</u>	<u>4,017,477</u>
Timing of revenue recognition				
At a point in time	3,627,822	–	124,419	3,752,241
Over time	–	265,236	–	265,236
Total revenue from contracts with customers	<u>3,627,822</u>	<u>265,236</u>	<u>124,419</u>	<u>4,017,477</u>

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Subsidy income*	2,429	510
Interest income	12,295	50,998
Others	2,006	6,522
Sub-total	<u>16,730</u>	<u>58,030</u>
Gains		
Foreign exchange gain	5,329	–
Compensation of lease termination	2,876	–
Gain on disposal of subsidiaries	2,863	–
Gain on disposal of items of property and equipment	611	–
Gain on disposal of right-of-use assets	5,918	–
Change in fair value of financial assets at fair value through profit or loss	5,782	6,775
Sub-total	<u>23,379</u>	<u>6,775</u>
Total	<u>40,109</u>	<u>64,805</u>

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

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	6,979,265	3,108,403
Depreciation of property and equipment	65,709	49,558
Depreciation of right-of-use assets	11,028	20,936
Amortisation of other intangible assets	–	372
Lease payments not included in the measurement of lease liabilities	14,640	21,497
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	158,570	201,601
– Pension scheme contributions*	28,278	31,800
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	2,717	6,106
Foreign exchange differences, net	(5,329)	2,274
Loss on disposal of investment properties	–	2,478
Fair value (gain)/losses, net:		
Changes in fair value of investment properties	535,900	29,911
Change in fair value of financial assets at fair value through profit or loss	(5,782)	(6,775)
Loss/(gain) on disposal of items of property and equipment	(611)	200
Compensation of lease termination	(2,876)	–
Gain on disposal of subsidiaries	(2,863)	–
Gain on disposal of right-of-use assets	(5,918)	–
Write down to net realisable value of completed properties held for sale	125,495	–
Impairment of an investment in a joint venture**	5,626	–
Impairment of financial assets: **		
Impairment of trade receivables	3,863	2,274
Impairment of financial assets included in prepayments, other receivables and other assets	33,658	–

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** Included in "Other expenses" in the condensed consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

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 period (six months ended 30 June 2023: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2023: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC income tax for the period	435,602	21,960
PRC land appreciation tax for the period	495,433	109,238
Deferred tax	(196,070)	361
Total tax charge for the period	<u>734,965</u>	<u>131,559</u>

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB62,509,000 (six months ended 30 June 2023: RMB196,571,000) and the weighted average number of ordinary shares of 5,635,809,800 (six months ended 30 June 2023: 5,635,809,800) in issue of shares during the period, as adjusted to reflect the rights issued during the period.

The calculations of basic earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u><u>62,509</u></u>	<u><u>196,571</u></u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period	<u><u>5,635,809,800</u></u>	<u><u>5,635,809,800</u></u>

No adjustment has been made to the basic profit per share amount presented for the period ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2024 (six months ended 30 June 2023: Nil).

8. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice dates, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within six months	302,675	220,847
Over six months but within one year	11,336	6,071
Over one year but within two years	5,822	2,399
Over two years but within three years	<u>1,120</u>	<u>4,205</u>
	320,953	233,522
Impairment	<u>(16,647)</u>	<u>(12,784)</u>
	<u>304,306</u>	<u>220,738</u>

9. TRADE PAYABLES

An ageing 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within six months	3,808,289	3,207,298
Over six months but within one year	1,015,369	219,585
Over one year	<u>233,944</u>	<u>33,998</u>
	<u>5,057,602</u>	<u>3,460,881</u>

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

10. INTERIM DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The unaudited consolidated revenue of the Group for the Period under review was approximately RMB9,282.9 million, representing an increase of approximately 127.6% from approximately RMB4,078.1 million for the corresponding period in 2023. The gross profit for the Period under review was approximately RMB1,830.0 million, representing an increase of approximately 161.7% from approximately RMB699.2 million for the corresponding period in 2023. Gross profit margin for the Period under review was approximately 19.7%, representing an increase of approximately 2.6 percentage points from approximately 17.1% for the corresponding period in 2023. The profit for the Period under review was approximately RMB117.9 million, representing a decrease of approximately 24.5% from approximately RMB156.1 million for the corresponding period in 2023. The unaudited profit per share for the Period under review was RMB1.11 cents (corresponding period in 2023: RMB3.49 cents).

The Board does not recommend the payment of interim dividend for the Period under review (corresponding period in 2023: nil).

Industry Review

According to the National Bureau of Statistics of the People's Republic of China ("PRC"), in the first half of 2024, the gross domestic product ("GDP") of China amounted to RMB61,683.6 billion, representing an increase of 5.0% as compared with that of last year, based on unchanged prices. In the first half of 2024, the economy of our country had been maintaining generally stable, and its transformation and upgrading had been advancing steadily.

In the first half of 2024, the nationwide investment in property development amounted to RMB5,252.9 billion, representing a decline of 10.1% as compared with the corresponding period of last year, among which, residential investment amounted to RMB3,988.3 billion, representing a decline of 10.4%. In the first half of 2024, the gross floor area ("GFA") of newly constructed commodity properties sold was 479.16 million sq.m., representing a decline of 19.0% as compared with the corresponding period of last year, among which, the decline of GFA of residential properties sold was 21.9%, while the decline of GFA of office buildings sold and commercial business properties sold were 4.8% and 3.5% respectively. The sales of commodity properties amounted to RMB4,713.3 billion, representing a decrease of 25.0%, among which, the decrease of sales of residential properties was 26.9%, while the decline of sales of office buildings and commercial business properties were 9.0% and 9.7% respectively.

In the first half of 2024, the area under construction by property development enterprises was 6,968.18 million sq.m., representing a decline of 12.0% as compared with the corresponding period of last year, among which, the area under construction for residential properties was 4,874.37 million sq.m., representing a decline of 12.5%. The area of newly commenced properties was 380.23 million sq.m., representing a decline of 23.7% as compared with the corresponding period of last year, among which, the area of newly commenced residential properties was 277.48 million sq.m., representing a decline of 23.6% as compared with the corresponding period of last year. The completed construction area of buildings was 265.19 million sq.m., representing a decrease of 21.8% as compared with the corresponding period of last year, among which, the completed construction area of residential buildings was 192.59 million sq.m., representing a decrease of 21.7% as compared with the corresponding period of last year. As at 30 June 2024, the area of commodity properties pending for sale was 738.94 million sq.m., representing an increase of 15.2% as compared with the corresponding period of last year, among which, the area of residential properties pending for sale increased by 23.5%, the area of office buildings pending for sale increased by 9.6% and the area of commercial business properties pending for sale increased by 2.0% respectively as compared with the corresponding period last year.

FINANCIAL ANALYSIS

Revenue

During the Period under review, the revenue generated from the sales of properties amounted to approximately RMB8,920.8 million, which represented an increase of approximately 145.9% from approximately RMB3,627.8 million for the corresponding period in 2023. The increase was mainly due to the increase in properties delivered during the Period under review as compared to the corresponding period of last year.

The revenue from property leasing amounted to approximately RMB48.6 million (corresponding period in 2023: approximately RMB60.6 million), representing a decrease of approximately 19.7%. The hotel operation of the Group recorded a revenue of approximately RMB112.7 million (corresponding period in 2023: approximately RMB124.4 million), representing a decrease of approximately 9.5%. The Group's property management and other services recorded a revenue of approximately RMB200.8 million (corresponding period in 2023: approximately RMB265.2 million), representing a decrease of approximately 24.3%.

Cost of sales

During the Period under review, the Group's cost of sales was approximately RMB7,452.9 million, which represented an increase of approximately 120.6% from approximately RMB3,378.9 million for the corresponding period in 2023. The increase was due to the increase in properties delivered during the Period under review as compared to the corresponding period of last year.

Gross profit

During the Period under review, the gross profit of the Group amounted to approximately RMB1,830.0 million (corresponding period in 2023: approximately RMB699.2 million), representing an increase of approximately 161.7%. The increase was mainly due to the increase in recognised revenue for the Period under review. Gross profit margin was approximately 19.7% (corresponding period in 2023: approximately 17.1%), increased by approximately 2.6 percentage points.

Other income and gains

During the Period under review, other income and gains amounted to approximately RMB40.1 million (corresponding period in 2023: approximately RMB64.8 million), representing a decrease of approximately 38.1%. The decrease was mainly due to the decrease in interest income.

Selling and distribution expenses

During the Period under review, the selling and distribution costs of the Group decreased from approximately RMB158.1 million for the corresponding period in 2023 to approximately RMB117.1 million, representing a decrease of approximately 25.9%. The decrease was mainly due the decrease in payout of selling and distribution costs for the Period as compared to the corresponding period of last year.

Administrative expenses

During the Period under review, the administrative expenses of the Group decreased from approximately RMB341.2 million for the corresponding period in 2023 to approximately RMB253.6 million, representing a decrease of approximately 25.7%. It was mainly as a result of the fact that the Group had adopted a number of measures to reduce costs and increase efficiency in 2024.

Other expenses

During the Period under review, the other expenses of the Group increased from approximately RMB12.9 million for the corresponding period in 2023 to approximately RMB51.1 million, representing an increase of approximately 294.7%. The increase was mainly due to the increase in impairment of financial assets in the Period compared to the corresponding period of last year.

Finance costs

During the Period under review, the finance costs of the Group increased from approximately RMB55.9 million for the corresponding period in 2023 to approximately RMB77.4 million, representing an increase of approximately 38.4%. This is mainly due to the decrease in capitalized interest expense during the Period.

Income tax expenses

During the Period under review, the income tax expenses of the Group increased from approximately RMB131.6 million for the corresponding period in 2023 to approximately RMB735.0 million, representing an increase of approximately 458.7%. This is primarily due to the increase in profits tax and LAT tax expenses during the Period as compared to the corresponding period of last year.

Earnings

The profit for the Period under review was approximately RMB117.9 million (corresponding period in 2023: approximately RMB156.1 million), representing a decrease of approximately 24.5%. During the Period under review, the profit attributable to owners of the Company was approximately RMB62.5 million (corresponding period in 2023: approximately RMB196.6 million).

Contracted sales

During the Period under review, the contracted GFA sold by the Group was approximately 166,612 sq.m. with the amount of approximately RMB2,875.0 million. Set out below are the details of the contracted sales from the Group's projects:

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
Zhejiang				
Others (Residential)	Hangzhou	123	1.3	90.0%
Others (Commercial)	Hangzhou	949	12.1	59.4%
Hidden Dragon Bay	Hangzhou	–	0.4	61.1%
International Office				
Centre (IOC) A2&A3	Hangzhou	6,693	341.9	66.0%
Nan Hu Ming Yu	Hangzhou	704	33.8	59.9%
Shunyuan Mansion	Hangzhou	225	4.9	90.0%
Xiaoshan Lotus Mansion	Hangzhou	–	0.7	90.0%
Fashion Color City	Hangzhou	5,869	99.4	59.4%
Chun'an Lotus Mansion	Hangzhou	3,466	44.4	90.0%
Ideal Bay	Hangzhou	382	7.0	45.9%
Long Ying Hui Jin Zuo (Bin He Yin)	Hangzhou	3,266	75.2	59.4%
Chuyue Mansion	Hangzhou	992	31.5	90.0%
Zecui Ju	Hangzhou	16,067	271.2	90.0%
Zhangyuan Mansion	Hangzhou	4,508	55.6	57.9%
Yunqiqiling	Hangzhou	4,281	69.8	36.0%
Weikechenming Mansion	Hangzhou	9,076	223.0	45.0%
Ruiyuan Mansion	Hangzhou	–	0.7	100.0%
Xinnongdu	Hangzhou	8,738	102.5	11.8%
Zi Jin Mansion	Hangzhou	850	18.0	21.6%
Zhong An Times Square Phase II	Yuyao	–	0.8	61.4%
Cixi New City	Cixi	4,483	31.0	59.4%
Cixi Landscape Garden	Cixi	–	0.1	90.0%
Chaoyue Mansion	Ningbo	–	0.1	90.0%

Projects	City	Contracted GFA sold sq.m.	Contracted amount RMB million	% of interest attributable to the Group
Chenyue Land	Lishui	4,425	60.8	30.6%
Jiang Lin Mansion	Lishui	99	0.7	90.0%
Comphor Tree Bay	Lishui	14	1.1	90.0%
Xiuhu Lotus Gardon	Yiwu	2,371	122.7	58.5%
Lakeside Mansion	Yiwu	3,594	159.4	90.0%
Typha Lotus Garden	Yiwu	–	1.4	90.0%
Shunyuan Mansion	Wenzhou	864	23.8	44.1%
Wenzhou Future City	Wenzhou	12,230	206.3	45.0%
Sky Tree (Residential)	Wenzhou	2,499	35.7	22.5%
Glory One	Wenzhou	283	9.4	22.5%
Guyue Mansion	Shaoxing	853	31.2	90.0%
Tang Song He Ming	Shaoxing	857	44.7	44.1%
Shaoxing Future City	Shaoxing	5,300	87.1	51.3%
Cloud Chen Square	Quzhou	707	10.4	45.9%
Ruyi Mansion	Zhouhsan	89	1.1	90.0%
Taizhou Future City	Taizhou	14,261	256.1	90.0%
Jiangsu				
Jiangyin Future City	Wuxi	7,041	91.3	90.0%
Anhui				
Vancouver City	Huaipei	11,760	78.4	100.0%
Green Harbour	Hefei	706	9.1	84.2%
Shandong				
Qingdao New City	Qingdao	1,269	11.4	100.0%
Zhong An Future City	Qingdao	4,702	38.9	90.0%
Yunnan				
Yunxing Imperial Palace	Kunming	22,016	168.5	90.0%
		166,612	2,875.0	

Recognised sales

During the Period under review, the recognised GFA sold by the Group was approximately 414,373 sq.m. with the amount of approximately RMB8,920.8 million. Set out below are the details of the recognised sales from the Group's projects:

Projects	City	Recognised GFA sold <i>sq.m.</i>	Recognised amount <i>RMB million</i>	% of interest attributable to the Group
Zhejiang				
International Office Centre (IOC)A2	Hangzhou	56,862	2,505.7	66.0%
Fashion Color City	Hangzhou	10,289	148.7	59.4%
Hidden Dragon Bay	Hangzhou	2,947	33.5	61.1%
Chun'an Lotus Mansion	Hangzhou	33,611	321.4	90.0%
Ruiyuan Mansion	Hangzhou	38,568	732.5	100.0%
Chaoyang Yinzuo	Hangzhou	–	3.2	59.4%
Others	Hangzhou	74	0.6	90.0%
Xixi Manhattan	Hangzhou	166	10.3	59.4%
Chaoyue Mansion	Ningbo	31,083	718.8	90.0%
Guyue Mansion	Shaoxing	951	34.1	90.0%
Zhong An Times Square Phase II	Yuyao	–	0.8	61.4%
Cixi Landscape Garden	Cixi	–	0.1	90.0%
Cixi New City	Cixi	3,228	21.4	59.4%
Xiuhu Lotus Gardon	Yiwu	57,487	2,391.6	90.0%
Ruyi Mansion	Zhoushan	179	2.0	90.0%
Cloud Chen Square	Quzhou	85,220	1,220.9	45.9%
Jiangsu				
Nanjing Future City	Nanjing	44,753	271.4	90.0%
Jiangyin Future City	Wuxi	43,846	468.2	90.0%
Anhui				
Vancouver City	Huaipei	3,704	22.0	100.0%
Green Harbour	Hefei	580	7.0	84.2%
Shandong				
Qingdao New City	Qingdao	824	6.7	100.0%
		414,373	8,920.8	

The average property sales price per sq.m. achieved by the Group for the Period under review was approximately RMB21,528 (corresponding period in 2023: approximately RMB20,728), representing an increase of approximately 3.9%. The average sales cost per sq.m. was approximately RMB16,843 (corresponding period in 2023: approximately RMB17,760), representing a decrease of approximately 5.2%.

Land reserve

As at 30 June 2024, the total GFA of the Group's land bank was approximately 810.0 million sq.m., the average acquisition cost of the Group's overall land bank was approximately RMB2,845 per sq.m.

This sizable land bank is sufficient for development by the Group in more than five years.

Capital structure

As at 30 June 2024, 5,635,809,800 shares in the Company were in issue (as at 31 December 2023: 5,635,809,800 shares).

As at 30 June 2024, the Group had total assets of approximately RMB42,393.9 million (as at 31 December 2023: approximately RMB48,569.8 million) which were financed by current liabilities of approximately RMB24,390.6 million (as at 31 December 2023: approximately RMB28,732.8 million), non-current liabilities of approximately RMB4,907.8 million (as at 31 December 2023: approximately RMB6,881.7 million) and shareholders' equity of approximately RMB13,095.5 million (as at 31 December 2023: approximately RMB12,955.2 million).

As at 30 June 2024, the Group had an aggregate amount of cash and cash equivalents and restricted cash of about RMB1,913.6 million (as at 31 December 2023: RMB2,897.5 million).

As at 30 June 2024, the Group's interest-bearing bank and other borrowings amounted to approximately RMB7,786.8 million (as at 31 December 2023: approximately RMB8,486.2 million).

The maturity profile of the borrowings was as follows:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year or on demand	3,588,080	2,511,810
Over 1 year but within 2 years	2,077,278	3,015,644
Over 2 years but within 5 years	1,511,555	2,367,965
Over 5 years	609,860	590,740
	<u>7,786,773</u>	<u>8,486,159</u>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 30 June 2024, the Group's interest-bearing bank and other borrowings bore an average effective interest rate of 4.51% per annum (corresponding period in 2023: 5.09% per annum).

The denominated amounts of the borrowings were as follows:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Renminbi	<u>7,786,773</u>	<u>8,486,159</u>
	<u>7,786,773</u>	<u>8,486,159</u>

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.23 (as at 31 December 2023: approximately 1.23). The ratio of interest-bearing bank and other borrowings to total assets was 0.18 (as at 31 December 2023: 0.17). The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.45 (as at 31 December 2023: 0.43) (net debt is defined as total interest-bearing bank and other borrowings less cash and cash equivalent and total restricted cash). The Group always adopts a prudent financial policy in its operation and business development.

Capital commitments

As at 30 June 2024, the Group had capital commitments of approximately RMB2,560.9 million (as at 31 December 2023: approximately RMB5,535.8 million), mainly in respect of property development expenditure. It is expected that the Group will finance such commitments from its own funds, cash proceeds from sales and external financing (such as bank loans).

As at 30 June 2024, the Group had a payment commitment of approximately RMB110,000,000 which arose from a settlement deed (the “**Settlement Deed**”) entered into between (i) Zhejiang Zhongan Shenglong Commercial Co., Ltd* (浙江眾安盛隆商業有限公司)(“**Zhong An Shenglong**”), an indirect non-wholly owned subsidiary of the Company; (ii) China New City Group Limited (“**CNC**”), an indirect non-wholly owned subsidiary of the Company, the shares of which are listed on the Stock Exchange (stock code: 1321); and (iii) Hangzhou Oriental Culture Tourism Group Co., Ltd.* (杭州東方文化園旅業集團有限公司)(“**Hangzhou Oriental**”) and which became effective on 17 May 2024, pursuant to which, among other things, Zhong An Shenglong was required to pay RMB210,000,000 to Hangzhou Oriental by 30 June 2025. As at 30 June 2024, a sum of RMB100,000,000 out of the RMB210,000,000 was fully paid by Zhong An Shenglong to Hangzhou Oriental. Further details on the Settlement Deed were disclosed in the announcements of CNC dated 28 May 2024 and 5 August 2024, respectively.

Contingent liabilities

As at 30 June 2024, the contingent liabilities of the Group was approximately RMB8,281.7 million (as at 31 December 2023: approximately RMB9,445.9 million), which were guarantees provided 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 2024, investment properties with a carrying value of approximately RMB2,586.5 million (as at 31 December 2023: approximately RMB2,993.9 million), properties under development of approximately RMB5,220.6 million (as at 31 December 2023: approximately RMB10,538.4 million), completed properties held for sale of approximately RMB4,164.5 million (as at 31 December 2023: approximately RMB1,605.6 million), property and equipment of approximately RMB1,057.3 million (as at 31 December 2023: approximately RMB1,081.6 million) and no restricted cash (as at 31 December 2023: approximately RMB208.0 million) of the Group were pledged to secure the banking facilities and other borrowings for the Group.

Foreign exchange risk

As the sales, purchase and external financing of the Group in the Period under review and the corresponding period 2023 were made mainly in RMB, the foreign exchange risk exposed to the Group was relatively minor. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in both periods.

Interest rate risk

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. Given that certain portion of loans are RMB loans and the relatively stable domestic economic situation of the PRC, the Group currently does not use derivative instruments to hedge its interest rate risks.

Human resources

As at 30 June 2024, the Group employed a total of 4,986 staff (as at 30 June 2023: 5,427 staff). During the Period under review, the staff cost of the Group was approximately RMB186.8 million (corresponding period in 2023: approximately RMB233.4 million), representing a decrease of approximately 20.0%.

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 appraisal results are taken into account 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 high calibre people and solidify the management of the Group, 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 the attraction of the Company for talents and their competitiveness in the market.

Dividend policy

The Company may distribute dividends by way of cash or by other means that the Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of the Board and, where applicable, the approval of the shareholders of the Company (the "**Shareholders**"). The Board will consider various factors before declaring or recommending any payment of dividends. These factors include the results of operation of the business of the Group, the retained earnings and distributable reserves of the Company and each of the members of the Group, the Group's actual and expected financial performance, the general business conditions and strategies, the Group's expected working capital requirements and future expansion plans, the general economic conditions and business cycle of the Group's business, the future prospects of the business of the Group, Shareholders' interests, statutory and regulatory restrictions on the payment of dividend and other internal or external factors that the Board deems appropriate.

Events after the reporting period

There were no events which caused material impact on the Group after 30 June 2024 and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period under review (corresponding period in 2023: nil).

PROSPECTS

Looking ahead to the second half of 2024, a mix of opportunities and challenges lie ahead for China's real estate industry. Guided by policies and driven by the market, it is expected that the property industry will achieve steady and healthy development.

The continued adherence to the policy direction from the first half of 2024 by the PRC government will maintain a positive impact on the real estate market, pushing the market to gradually stabilize and explore new development directions. Under this, it is expected that macro policies will be further implemented, which would help the overall economy, including the real estate industry, to develop steadily and positively, and the real estate market will be stabilised and supported as a result.

In the second half of 2024, in the face of changes and uncertainties in domestic and international developments, the Group will center on “securing delivery, stabilizing operations, and controlling risks”, adapt to new development model, strengthen refined sales management and innovation strategies, and leverage regional brand advantages to deepen the implementation of business strategic goals. With a determination to succeed and the courage to break through, the Group will stay resilient through cycles and achieve steady and healthy development tomorrow!

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Following specific enquiries by the Company, all Directors confirmed with the Company that they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the Period.

CORPORATE GOVERNANCE

Throughout the Period, the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

The Board will review the management structure of the Group from time to time and adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the independent non-executive Directors) had reviewed the unaudited consolidated interim results of the Group during the Period under review, and reviewed with the management of the Group regarding the accounting standards and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

Ernst & Young, the external auditor of the Company, had reviewed the unaudited consolidated interim results of the Group during the Period under review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

The interim report of the Company for the Period under review containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

By order of the Board
Zhong An Group Limited
Shi Zhongan
Chairman

The PRC, 23 August 2024

As at the date of this announcement, the Board comprised five executive Directors, namely Mr Shi Zhongan (Chairman), Mr Zhang Jiangang (Chief Executive Officer), Ms Shen Tiaojuan, Ms Jin Ni and Ms Shi Jinfan, and three independent non-executive Directors, namely Professor Pei Ker Wei, Mr Zhang Huaqiao, and Mr Fung Che Wai Anthony.

* *For identification purpose only.*